

THE TRUE TEST OF LEADERSHIP IS HOW YOU LEAD IN TIMES OF CRISIS

Understanding Crises in Organizations

Abstract

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Title of publication The true test of Leadership is how you lead in times of Crisis Understanding Crises in Organizations		
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Abstract <p>Crisis is a true test of leadership in any organization, but it is not fully clear how to effectively lead an organization through crisis. A crisis surfaces out the elements of both effective and ineffective leadership and in crisis situations the leadership is prone to lead based on key performance indicators. In crisis the pace on decision making needs to be fast and decisive. The values and the culture of the organization are put to a true test, together with the communication skills to bring the message across. In the heavy industry sector legacies of companies are long and the way of working is often rigid, where leadership is based on position and less on the skills that would be needed today.</p> <p>The objective of this study was to form an understanding of whether there are early warning signals of a company heading into a crisis. Understanding these signals aim to help the leadership team to make decisions, that help the organization overcome the crisis better, or in best case avoid it completely.</p> <p>The primary data source for the empirical study was semi-structured interviews with eight senior leaders in the heavy industry sector. The aim of the qualitative method was to gain insights on the types of crises encountered and which early warning signals they had noticed. A secondary level to the study is what leadership could do in order to be better prepared for the future. The findings indicated that early indicators for an organization heading into crisis could be identified and that understanding the history of crises in any organization is a key element for better leadership. Understanding the history of crises helps in identifying future crises and take the right steps to help the organization overcome the crisis.</p> <p>Additional research is needed in order to understand crisis across all levels of the organization. Further on, the findings need to be validated in other industries to understand whether further generalizations can be made.</p>		
Keywords Crisis Leadership, Leadership, Organizational change, Crisis Identification, Heavy Industry		

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1 INTRODUCTION

1.1 Background

Out of crisis comes clarity (O'Toole, as cited in Roshitsh 2016).

It is not fully clear, what enables a leader to get the best performance out of a team. The challenge becomes even greater, when the organization is in a crisis. The common belief is, that a person is either born as a leader or not, and great leadership is something, that cannot be learned. Against popular belief, rather than being a feature that is given at birth, good leadership is actually a strategical choice.

Professional careers nowadays encounter a variety of challenges or crises and it is almost impossible to navigate through professional life without ever experiencing one. The challenges encountered can be economic downturns, quality issues in the product or service, personnel or leadership issues. On top of that, there are personal crises, with values of the company not meeting expectations, cultural clashes or burnouts. Millennials encounter likely several of the before mentioned crises during some stage of their career.

Organizations are in turmoil, as targets cannot be reached due to various reasons, internal or external. The most challenging issues are however when a company enters an internal crisis, as it is in many cases difficult to pinpoint what exactly is causing the crisis. Crises lead to lack of motivation, mistrust in leadership or constant ongoing organizational changes. The business results suffer almost always as the focus shifts to solving the internal issues.

When organizational change happens, it can either lead to a positive outcome or send the organization into an even deeper crisis. The cycle of a leader is shortening and managers and leaders are replaced more often. Replacement of the top leadership team happens especially, when the business results are not as expected. Leadership gets the blame for failing to meet targets. Organizations are still being re-organized, even though the business results have been beyond expectations and employment time is shortening as the workforce is looking for companies that meet their values. The intention in organizational change is often good and aiming for an even more streamlined process, but in the majority of cases the change leads to even more chaos, as the organization is failing to understand the reasons behind the changes.

All these experiences in the professional history have sparked the research on whether there are common nominators that can be identified in organizations heading to a crisis. By identifying and understanding these signals, the leadership is able to understand the

situation better and take actions accordingly. In the best case scenario, the crisis can be averted completely, if the signals are recognized early enough.

A crisis puts the leadership skills of a leader to a true test, no matter what the cause of the crisis is. Too often numbers or key performance indicators (KPI's), share price, revenue and cost, all linked to business results are used to measure a successful leader (McNulty & Marcus, 2020). In reality, it is almost impossible to measure successful leadership. The success of a company is measured in numbers and that is how performance is also measured. Leading people through numbers however rarely works, as numbers do not take in account the emotions or values of a person, nor does it reflect the culture of the company. Emotions have an influence on motivation, well-being and engagement of a human being.

The study is a result of personal interest due to the crises encountered during the professional career of the researcher. Some of the crises have been linked to the market changing, but some of them are more profound and it has not been easy to distinguish why the organization is in a crisis. There have been situations, where leadership is failing to understand that a crisis is ongoing and the organization has had a genuine feeling of hopelessness.

The result of the encountered crises faced has now become a personal crisis that will shape the professional future indefinitely. The challenges and demands of current working life have resulted in a burnout, which leads to a deep will to understand organizational behavior even better. Understanding crisis helps hopefully to surviving them better as an employee, but also as a leader. As one in every four Finnish employees is struggling with coping the daily working life (Haapanen, 2019), there is a need to research company crises and the reasons behind them so that they can be prevented more effectively.

1.2 Purpose of the study

Professional careers nowadays almost always face several crises of different size and severity. A recent dealing with a personal burnout of the researcher have made the subject even closer to heart. The working environment has according to Halonen (as cited in Jännäri 2019, 18) changed over the last century from physical work in factories towards working with the brain. The requirements in the ability to handle changing environments, increased amounts of data and globalization are growing. Working life is at a change at an increasing pace.

In Finland, the problem is severe, as birth rates and immigration have declined and the existing workforce is facing burnout and mental depression. According to Jännäri (2019,

18) the reason for the increase in incapacity to work is due to a more open environment to discuss these issues, but also the ability of young people coping with working life.

Jännäri (2019, 18) also states, that better leadership is needed due to the challenges that the workforce is facing today. As the world keeps changing at a more rapid speed, is it even possible to be a successful leader? How does a leader face a crisis and what tools or information could help him or her address the crisis better?

During the research, the discovery has been made, that the most common crisis leadership studies focus on an external crisis, i.e. force majeure, or market changes. The number of studies that take the internal factors and skillset of the organisation into account are more limited and need further research. Organizations go through different types of crises during their existence. The response to the crises varies, but similar elements are identifiable in trying to solve the issue at hand.

The purpose of this study is to try to find common patterns and early signals of an organization heading into a crisis. These signals can then help the leadership teams of companies navigate away from the crisis. If navigating away from the crisis is impossible, at least the leadership is more prepared to face the crisis.

Studies show that during emergencies logical thinking and the ability to act suffers. Much like in an airplane crash, staying calm, having the ability to act and move quickly, the chances of survival increase (Lallanilla 2013). Practising for special situations increase the chances of survival in emergencies, so why not also in business? A business continuity plan when facing crisis increases the chances of survival of a company by 30 percent. (Aurel 2020.)

This study also aims to understand the kind of crises that companies in the heavy industry sector are facing. Understanding the past better helps healing possible wounds, which can be deeply rooted in an organization. While the past always needs to be taken into account with cautiousness when preparing for the future, it is elementary to understand the history of the crises in the organization. Common nominators help activate discussion among peers, as the public discussion on crises is too scarce. The purpose of the qualitative interviews is to understand, whether there are early warning signals of a crisis and if these signals can be identified already before the crisis. As a result, the aim of the study is to help leadership identify and to better understand crises.

The needs of leadership skills when facing millennials, who are born between 1980 and 1994, or generation Z, who are born between 1995 and 2015, are different to what was needed only a few decades ago. Leadership does not come prepared to have these skills,

but are rather sticking to the old and familiar ways of leading (McCrindle & Fell 2019, 10). Then again, it is almost impossible to be prepared, as there is little public discussion on the subject of crises, even though understanding and learning from each other would benefit everyone. The stigma of crises is still strong. Companies who thrive in difficult times are the ones, who can adapt and face challenges better.

1.3 Thesis objective and research questions

The aim on the main research question is to study whether there are early signals on crises that can help leaders identify the crisis situation faster and lessen the impact on the organization. Based on the main aim of the study, the main research question is the following:

1. Are there common signals on when an organisation is heading to a crisis?

Supporting questions are:

2. Which types of crises are most common?
3. How can leaders be better prepared for the future?

The study focuses on finding an answer on the main research question with two supporting questions that support understanding the types of crises and what is needed from leadership to be prepared for the future. In order to understand how to be better prepared in facing crisis an understanding needs to be formed on what is needed from leadership and what the elements of good leadership are.

1.4 Research methodology and limitations

The research method of the study was semi-structured interviews and qualitative data analysis. In total eight professionals in senior leadership roles were interviewed for the study in order to gather data and obtain a further understanding of the research questions. The objective of the qualitative research was to find and early signals that have happened, before a company has faced a crisis.

The data gathered from the interviews was analysed using a thematic analysis. The findings represent a combination of the conclusions from the literature review and the data received from the semi-structured interviews. The research is limited to a narrow sample of senior professionals in the heavy industry sector all with leadership experience either currently or during a stage of their career. Other industry sectors or other organizational levels are not included in the scope of this study.

1.5 Thesis structure

This thesis consists of seven chapters and the structure of the study is represented in Figure 1. The first chapter focuses on understanding the background and objectives of the study and what the motivation of the researcher is for the study. The second part, the literature review, aims in understanding the elements of leadership that are needed to lead an organization, as the need for leadership skills is emphasized in times of crisis. The third chapter furthers the understanding of crises in organizations and what elements deepen the crisis in an organization. The chapter ends with a focus on the role of the leader in crisis.



Figure 1. The structure of the study.

Following chapter three, the research methodology is presented in chapter four, which explains the methodology used for the study. Chapter five presents the case study and responses received from the interviews based on the themes of the interviews. The findings and recommendations resulting from the study are represented in chapter six, where the findings are organized according to the sequence of the research questions. Finally in chapter seven the study is concluded with a summary, explanation of the validity of the study and recommendations for further research.

1.6 Source criticism

As there is limited publicly available research on organizations in crisis, the study bases widely on personal leadership and crisis situation experiences of the interviewed senior leaders. The personal experiences are naturally subjective and based on the interactions both as a people leader, business leader and as a team member. The risk of the research method is to form a too single-sided view on the subject. The proximity of the subject at hand poses a risk and an opportunity, as past experiences shape thinking and pre-assumptions are inevitable. Even though there is also a deep personal interest and vast experience from the researcher in the subject matter, great care has been taken in order to ensure the objectivity of the study.

The literature review focuses on understanding the main issues with leadership, what good leadership consists of, what drives an organization forward and the role of communication and transparency in an organization. The literature review has encountered challenges, as leadership is a widely researched topic, but crisis leadership is a commonly accepted term only in the military field. Military is a hierarchic system that was not fully relevant in this study, as the dynamics of leadership in military is different to that in business. In order to form a holistic view on the matter, a variety of leadership literature, researches and articles with viewpoints from organizational culture, change management, human resources, financial leadership and even military leadership were used. In addition to that, several discussions were held with senior leaders in the heavy industry sector to gather a wide understanding of the subject.

A narrow sampling in senior leaders to interview could be considered a concern, as it might distort the results too much. In order to avoid the distortion of the results, a selection was made of the persons interviewed in order to have various professional and demographic backgrounds and years of experience. The interviewed senior leaders or subject matter experts also had diversified demographic factors, although they have all served in companies in the heavy industry sector. The aim of the selection is to find a holistic view on the topic, even though a risk remains, that the size of the group might narrow the results too much. The case study methodology is further explained in chapter five.

2 LITERATURE REVIEW

This chapter focuses in key aspects of leadership and styles of leadership in order to form a better understanding of what leadership is and what challenges are facing the leaders today and in the future. The purpose of this chapter is form an understanding of literature on leadership and to explain how leadership is described, as the role of leadership becomes critical in times of crisis. Understanding elements of leadership supports both in understanding crises, but also when relating to the themes discussed in the case study.

The mystery of what leaders can and ought to do in order to spark the best performance from their people is age-old. (Goleman 2010, 1).

It is important to understand what makes leadership successful. How are winning teams formed, as those teams thrive better in times of crisis? What are the elements of good leadership? Understanding leadership and what it entails forms a basis for leading, yet very few leaders actually go through any formal leadership training before they become leaders. Even organizations do not spend great effort in ensuring that their leadership team has a common view on how to lead the organization forward. On top of that, very few organizations actually understand that everyone in the organization is involved in leadership and not just the appointed leaders.

Leadership is not easy, McCleskey (as cited in Hunt, LaVonne and Fedynich 2018, 20) has gathered that there are over 200 differing theories and ideas on leadership. Goleman (2010, 1) argues that no quantitative research has been able to demonstrate precisely which leadership behaviours yield positive results. What makes the situation complicated to study is that leadership experts base their advice on inference, experience and instinct.

The publicly available studies in crisis leadership, crisis companies and crisis organizations are limited, and in many cases, they are kept as company internal information due to the sensitivity of the issue. Simplified, crisis becomes visible to the public only when it is really bad and the magnitudes so severe, that the crisis cannot be contained anymore inside the organization. The results of crises like these can be seen in several cases that have become public, for example the emission scandal of Volkswagen, the downfall of Nokia or failure of Kodak.

The common nominator for all of these cases was that the issues were known internally a long time before they became public knowledge. Crises in companies normally become public discussion only when they are already at a disastrous level. If only the largest scandals resurface to the common public, then the number of the crises that stay company internal must be exponential.

2.1 Description of leadership

Leadership has been studied greatly, but the studies have only been able to prove what leadership isn't. There is however, no common view on what leadership actually is. (Juuti 2013, 35.)

One way of describing leadership of a company is how employees are motivated, how information is gathered and used and how decisions are made. In essence, leadership could be described as a process, where a person influences another group of people to reach a common goal (Northouse 2010, as cited in Iszatt-White & Saunders 2014, 19). The distinction between leadership and management is commonly known as the difference between managing things and managing people, where leadership is the latter.

Organizations need skills, innovation and passion at a time where information outdates itself faster than ever before. In the organization of the future, also leadership skills need to adapt accordingly. (Rubanovitsch 2020, 18-19.) Juuti (2013, 35) argues, that a common misconception is, that leadership is meant only for the leader. It is difficult for westerners to believe, that despite thousands of studies, there is no clear indication of the traits of a good or exceptional leader. The studies on leadership focus primarily on two main themes, being the difference between leaders and employees and secondly the difference between successful and the not so successful leaders.

Leadership becomes even more important when change needs to be led and when trying to understand how crises are being handled. All the before mentioned actions have an impact on how a company operates and how the organizational climate in the company is.

Period	Pre-1800s	1800s	1800–1930	1930–1960	1960s	1970–2010
Nature of society	Agrarian		Industrial			Postindustrial
Locus of work	Farm/home		Factory			Office Cyberspace
Nature of work	Physical: agriculture/crafts		Physical: manufacturing			Abstract: computer mediated
Key resource	Land		Machinery			Knowledge
Management and organization theory	Prescientific		Classical Administrative Theory Scientific Management Structuralists	Neoclassical Human relations	Modern Management Science Behavioral	Systems Theory Contingency Theory Organizational Behavior
Assumptions about human nature	Economic person		Social person			Self-actualizing person Complex person
Focus of managerial control	Patterns of physical movement and precise ways of performing work		Patterns of social interaction			Patterns of attention Patterns of connectivity
Role of management	Control employee behavior		Maintain employee social systems		Facilitate employee development	Ensure organization-wide integration Facilitate inter-organizational collaboration

Figure 2. Evolution of management theory (Teo 2020, 6).

During the 100-year history of leadership studies, there have been several leadership trends. In the early 20th century, leadership studies focused more on understanding the qualities of a leader and behaviour of employees. In the latter part of the 20th century, the focus shifted to understanding how to lead people and how to lead change and bring meaning to leadership (Juuti 2013, 36). Another perspective to the history of leadership is according to Hunt, LaVonne and Fedynich (2018, 20-21) that the ideals of leadership are a product of the era in which they germinate, a theory that is supported in Figure 2. Even though leadership theories have evolved with each era, more modern leadership theories have focused on flattening vertical leadership to a more flattened and dynamic leadership.

2.1.1 Views on leadership

The complexity of issues faced by leaders at each level of every company today is significant. .. Organizations now comprise multiple reporting relationships, often in far-flung geographies, that all require numerous inputs before decisions can be made. (Dotlich, Rhinesmith & Cairo 2009, 9.)

Leadership bases still far too often on position and not on the skills of the leader and such leadership is not effective in organizations in the heavy industry sector or for that matter in any sector. Bennis, Goleman & O'Toole (2008, 88-89) discovered, that leadership and top executives are far more often selected based on their ability to compete with their fellow organization than on their leadership skills. A selection like this encourages hoarding of

information, as the competition with peers is encouraged in order to be able to advance in ones' career. Selections like these might not be done consciously, but they encourage the wrong kind of behaviour. Hoarding of information leads to lack of transparency, lack of consensus and eventually, a crisis.

There are countless leadership styles and there is not only one effective way to lead an organisation, but poor leadership will affect the morale of the employees and the employee engagement. Unengaged employees become less productive, which results in poorer financial results. Poorer financial results lead to a need to change, which is often a starting point for a crisis.

Well-being at work has become more important and its importance will grow as new generations enter the workforce. Hints (as cited in Sommers 2020, 16) states that challenges in emotional wellbeing are already today bigger than musculoskeletal diseases and it is not known, how working life still changes. Automation will change jobs indefinitely, so how should employees be self-managing and how does leadership need to change to be able to meet the new demands?

A leader faces expectations in two forms, explicit and implicit. The explicit expectations are expectations that show up also in the job description of a leader, these being for example: fiscal responsibility, strategy and execution. Implicit expectations are the unspoken expectations, the softer values, such as empathy, fair treatment, inspiration and direction. Even though the implicit expectations are almost never stated in the job description, the organization expects a leader to fulfil them both, even though the expectations may be unrealistic (Anderson & Adams 2015, 29).

According to Landry (2018) there are six characteristics of an effective leader:

1. Ability to influence others

In order to be able to influence others, trust is needed. If an employee feels safe to share ideas and thoughts, trust is being built. Trust also leads to better co-operation in the organization.

2. Transparency

Transparency promotes collaboration and trust. When the goal of the organization is clear, it is easier to understand your role and contribution towards the goal.

3. Encourage Risk-Taking and Innovation

Failure should be embraced, as it encourages employees to test and innovate. This can only happen, when there is a company culture that is built on trust. Failures can be valuable business lessons and they can result to great business results.

4. Value Ethics and Integrity

Leaders are seen as the role model for the organization. If the behaviour of the leader is in stark contrast to the company values, then building trust is difficult. Employees want to feel safe and supported by their manager in line.

5. Act Decisively

Decision-making has become fast paced and in today's business environment leaders need to be able to make business decisions with increasing speed. This means, that a decision needs to be taken before all information is at hand.

6. Balance Hard Truths with Optimism

A leader needs to take responsibility for their decisions, even if the outcome is not successful. In hard times, leaders motivate the organization and set a compelling vision for the future.

All these characteristics support successful leadership among with the ability to manage complexity. Leaders must be able to make decisions in shifting business environments with assessing the information at hand and choosing the appropriate course of action. What is also important is that leaders are able to cooperate with all levels of the organization.

2.1.2 Role of the leader

The current change in the leadership environment can be described as a perfect storm. Leaders are facing the challenge and opportunity of diversity, development in technology and traditional leadership styles are put to a true test. Dotlich, Rhinesmith & Cairo (2009, 7) state that developing new strategies fast enough is becoming more and more complex, as the strategies become obsolete so quickly.

Leadership is at a change and the majority of today's leaders are not equipped for the needs of the future. In that aspect, bad and visionless leadership in itself is a crisis factor,

as it increases the chances of crisis (Sorainen 2018, 275). A leader has many stakeholders also internally in an organization. There has been a shift in the way a leader should operate in the past years, as the requirements towards the different stakeholders are growing. The leader needs to be able to answer to all of these needs. Juuti (2018, 27) argues, that our era represents a time, where the traditional hierarchical organisation has faced the pressure to change and become more like a network-like mycelium.

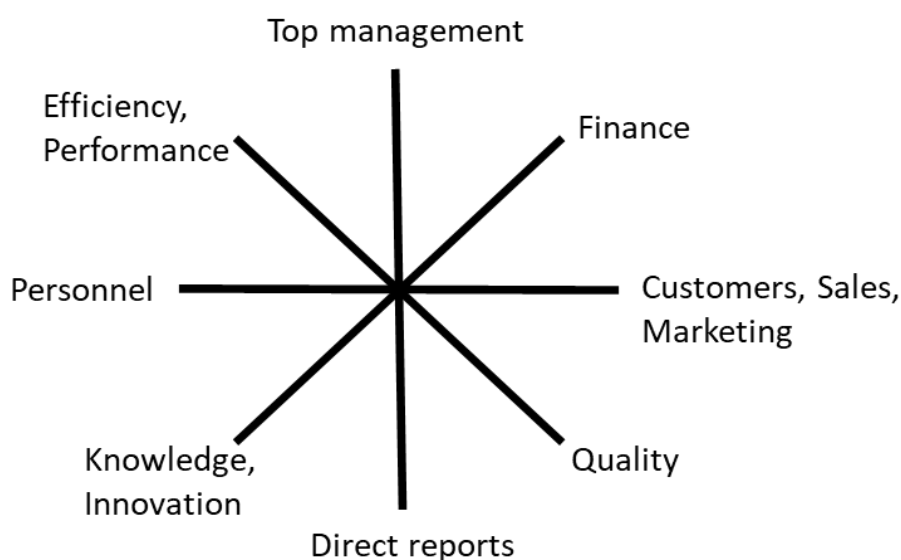


Figure 3. A leader's different stakeholders (adapted from Juuti 2018, 31).

The different stakeholders already pose a problem, as the leader needs to adapt their leadership and management styles according to the different needs that the stakeholders have (Figure 3). Juuti (2018, 31) argues, that according to the old thinking traditionally it has been the employees of the organization, that have needed to adapt to the organization and the company culture and not the other way around. However, this requirement is outdated and does not serve the purpose of current day organizations anymore. The daily requirements are increasing and an employee needs to be able to act as an expert and be able to navigate even very complex situations. So who should adapt to the requirements then?

The role of the leader is not to have all answers, as it is practically impossible with the vast amounts of data available today. Leadership is about building trust in the organisation, increasing employee engagement through motivation and communicating a clear vision. McNulty and Marcus (2020) reason that organizations exist in order to accomplish things that individuals cannot do alone. A leader embraces the culture of the company. The success of a company is almost always based on people, or a group of people, in

other words teams, that use their knowledge and energy towards the common company goal.

Successful team leadership requires you to simultaneously operate at multiple levels of both attention and abstraction. (Sutton & Chatham 2017, 4)

Good leadership is about understanding what is important and prioritizing while never losing sight of the common goal. Navigating different market requirements, employee needs and at the same time keeping the team motivated in a world, where change happens at an increasing speed, is becoming increasingly complex. Leaders need to be able to operate in all levels of the organization and be able to communicate and influence them all. Organizations today are also expecting more efficiency and productivity with less workforce, while product lifecycles are shortening. It is evident, that a leader alone is unable to manage all of this and the role of an individual becomes even more crucial. In such cases poor performance needs to be managed effectively.

According to Goleman (2000, 81) there are six basic leadership styles. All these styles have an impact on company culture and effectively also the financial results of a company. The six leadership styles are:

1. The coercive style
2. The authoritative style
3. The affiliative style
4. The democratic style
5. The pacesetting style and
6. The coaching style.

Table 1. The six leadership styles at a glance (Goleman 2000, 82).

	Coercive	Authoritative	Affiliative
The leader's modus operandi	Demands immediate compliance	Mobilizes people toward a vision	Creates harmony and builds emotional bonds
The style in a phrase	"Do what I tell you."	"Come with me."	"People come first."
Underlying emotional intelligence competencies	Drive to achieve, initiative, self-control	Self-confidence, empathy, change catalyst	Empathy, building relationships, communication
When the style works best	In a crisis, to kick start a turnaround, or with problem employees	When changes require a new vision, or when a clear direction is needed	To heal rifts in a team or to motivate people during stressful circumstances
Overall impact on climate	Negative	Most strongly positive	Positive

	Democratic	Pacesetting	Coaching
The leader's modus operandi	Forges consensus through participation	Sets high standards for performance	Develops people for the future
The style in a phrase	"What do you think?"	"Do as I do, now."	"Try this."
Underlying emotional intelligence competencies	Collaboration, team leadership, communication	Conscientiousness, drive to achieve, initiative	Developing others, empathy, self-awareness
When the style works best	To build buy-in or consensus, or to get input from valuable employees	To get quick results from a highly motivated and competent team	To help an employee improve performance or develop long-term strengths
Overall impact on climate	Positive	Negative	Positive

Mastering one leadership style is however not enough, as leaders need to be able to adapt to different situations with different leadership styles. The switch between the styles should come naturally in order to optimize organizational performance. Goleman (2000, 82) states, that the six leadership styles have a measurable effect on the business climate, even though different styles are needed in different situations and a leader should not stick to just one style.

Leadership styles need to change also when market needs or internal needs change. When companies grow and teams get bigger, an individual approach to meet each employees' needs becomes more challenging. At this stage, leadership cannot be hands-on to the job at the floor level, but they must start developing a more self-managing team. The leadership style changes from direct to indirect. Letting employees make their own decisions empowers them to be more self-sufficient, but this can be a challenge for the leader, as it means losing control to a certain degree. (Zhuo 2019.)

Zhuo (2019) also states, that as teams grow, the leader needs to be able to change context at an increasing speed to serve the needs of the team. Information flow and change is constant and the pace of it increases constantly. Especially when managing bigger teams, the ability to spend time on a single subject becomes increasingly difficult. It is not easy for a leader to give up control and in the heavy industry sector. The leadership styles have traditionally been more hierarchic, where the leader makes the last decision and is also an expert in most of the matters. Responding to the new leadership needs will be challenging in many organizations.

In today's working life the leader needs to be able to adapt their leadership approach to fit the organization, situation and position that they are in. Exceptional leaders are capable of managing both their professional and personal life and they are able to maintain self-control and discipline in all situations. Genuine leaders are able to adjust their strategies to both capture opportunities and tackle challenges. (Patel 2017.)

2.1.3 Forming a vision

Petriglieri (2020) explains that the most compelling visions emerge from a sincere concern for a group of people. What this actually means is, that when there is a concern, being a market change, organizational change, issue or any kind of problem, by holding on to the concerns and addressing them with the right care, a vision emerges. Only in rare cases does a leader start from a clear vision, where only execution is needed.

FORMING A VISION



Figure 4. Forming a vision (Fussler, Cramer & van der Vegt 2004, 73).

Another important aspect to leadership is communicating a vision for the company, as a vision is the driver for change in any organisation. Change is always met with resistance, but the culture of the company plays a vital role in the ability to change. A vision states the desired end-state of the company and it signifies what a company wants to be (Figure 4). Forming a vision of a company is a process and it rarely happens overnight. A vision of the company needs to be in line with the boundaries and strengths of the organization and it needs to engage the whole organization. (Fussler, Cramer & van der Vegt 2004, 73-75.)

The role of the leader is translating the vision into action and taking it to all levels of the organization. A vision needs to reflect the company culture. The role of the leader becomes more important when deciding what actions need to be taken in order to bring the company from the current state towards the desired end state. This requires everyone in the organisation to take turns in leading and making decisions without the formal title or position of a leader. The leadership team needs to be the one campaigning the vision re-

lently, as otherwise change will not happen. A common consensus among the leadership team is needed on how to translate the vision into action, as otherwise the vision will remain only as an ambition.

Patel (2017) argues that an important trait of a leader is being naturally curious and interested in both the company and its wider business environment. At the same time, a positive outlook needs to be kept without losing focus or understanding of the company's operational conditions. Patel (2017) continues that what makes a visionary leader, is being able to manage change, while at the same time keeping balance between stability and growth. Stability in a world where change is constant is challenging, but important.

For the leadership team, engaging all levels of the organisation to the vision is demanding. Often there is not even clear consensus on the vision among the leadership team, let alone the whole organization. Effective communication and transparency of actions one on one, top-down and down to top remains a struggle across organizations. While the leadership teams often understand the vision and the direction of the organization, the amount of work and commitment required to create meaning and engagement throughout the organization remains difficult. The ability to explain the company goals clearly and transparently is not easy. Anderson and Adams (2015, 33) claim, that often clarity and commitment towards the vision end at the leadership level of the organization.

Petriglieri (2020) states, that when managers and business leaders across all levels are asked about what makes a good leader, the answer is vision. The reason for the statement is purely that a vision is something that engages and motivates people. Petriglieri (2020) continues though, that the public enchantment with vision linked to good leadership creates a bigger problem, as it is a disembodied concept of leadership. Crises always test leadership and vision. The pitfall of visions are that they rarely include crises or issues, as they would then not be motivating to all levels of the organization. Having a vision alone is not sufficient to be a good leader, nor will it steer an organization away from crises, but having one is an important element of being a leader.

2.1.4 Company culture

Company culture is what makes a company stand out from the rest, as it links to the way a company operates. It is not to be forgotten, that culture is a heavily subjective term. Dal-
kir and Liebowitz (2011, 224-225) describe that originally culture is an anthropologic term, which refers to the values, beliefs and codes of practice that make a community what it is. Culture is about the social interactions, signs, symbols, events and behaviours that the company is recognized for.



Figure 5. The core of organizational culture (adapted from Kuusela 2015, 19).

The core of organizational culture is formed through norms, feelings and social respect (Figure 5). These aspects are not tangible, even though the culture is what is felt in the whole organization. Norms are both visible and invisible rules, and they are the basis of employee interactions on what is acceptable and what not. For any organizational culture it is important how feelings can be expressed, both the positive and negative ones. Norms foster co-operation and a feeling of trust, but they can also contribute to rigid ways of doing things and be a cause for prohibiting needed change. (Kuusela 2015, 19-21.)

The famous quote from management guru Peter Drucker (1909-2005) on culture eating strategy for breakfast summons what is essential for the leadership team of any company to understand. It is not that strategy is not important, but without the right company culture, executing the strategy will likely not be successful.

Are there leadership styles that result more often in positive results than others do? According to Goleman (2011, 3) a common mistake is to think of leadership is a function of personality and not a strategic choice. The best leaders adapt their leadership style according to the situation at hand. It is often overlooked what the impact of company culture is on the financial results of the company, but according to some studies it can account to a third of a company's financial performance.

Crafting business cultures that more consistently engender experiences [of joy] can create a much stronger sense of personal interconnection, shared purpose, and heartfelt pride across the organization (Liu 2019).

The human desire is to achieve the set goals and perform in the best possible way, but one hurdle to do so, is the layers and silos in the organization and resistance to embrace new ways of working. Sometimes the culture of the company does not support embracing change, especially if the legacy of the company is strong and set ways of working have been there for years. The company culture has much to do with the leadership and social structure within a company. If the company culture is strong, the organization becomes more resilient and employees more engaged, a weak culture has an effect on the well-being of employees and thus the employee engagement and finally the business results.

The histories of companies in the heavy industry sector are often long and business in this sector is considered as something serious, whereas studies support, that a sense of fun and joy actually fuel success. Fun at work is forgotten, as it is not seen as a priority, nor does leadership dare to set it as one. According to a study by A.T Kearney in 2018 where more than 500 employees across the globe with varied demographics working in a range of industries, 90% of respondents responded that they expect to feel joy at work, but only 37% actually did so (Liu 2019).

Why is fun and joy then not seen as a key driver for the company culture? A KPI that would measure fun or joy at work is unheard of, even though it is something, that would make employees engage and deliver top results. Fun at work is also important, as the majority of a day is spent at work, and if work is not enjoyable, it shows in everything that the company does (Valdes 2010). Technology helps us to connect, but the foundation needs to be the culture of the company where employees can feel acknowledged and not be afraid to have fun and enjoy themselves.

2.1.5 Winning teams

In order to build a team, a common goal needs to be set. Without a common goal, a team is just a group of individuals acting for their own purpose. A team with a common goal can become a powerful unit of performance that can fuel the success of any organization. Teams should be formed by gathering people that are working towards common objectives. The well-being of employees is tied closely towards the performance of the organization. Culture as described in the previous chapter is a key element of it. Successful leaders hold teams accountable without being overwhelming or overpowering.

Trust is not something that can be dictated. Trust me or trust each other, or co-operate, it does not work that way, as trust is environmental. Trust comes from the determination of the leadership team and leaders determine how big or poor the circle of safety is. (Sinek 2014.)

Teamwork is a popular term and emphasis on it is heavy in many organizations. Despite that, leadership should consider carefully how they build teams and set their targets.

Teamwork for the sake of teamwork will never be successful, as the best performing teams are built on trust and a clear sense of a common goal. If the goal has not been clear and motivating, the teams have fallen apart, or the business results have not been noteworthy.

If the leadership team does not radiate confidence or enthusiasm towards the set goal, it is also hard to form a winning team, as the goal needs to be believable. A clear understanding of each other's roles and responsibilities helps dividing the tasks and make the cooperation more effective. Trust remains an important element, as without trust even top professionals can fail as a team. Sutton and Chatham (2017, 38) state that poor performance is a result of two key aspects: capability and attitude. The role of the leader is to understand whether the poor performance is just temporary or if it is a long-term issue. Poor performance leads to irritation and if leadership is lacking, the problem can escalate quickly. If poor performance is managed by moving or avoiding the problem, the consequences can be even more significant in the long-term and it will have a hurtful impact on the team.

The role of the leader is changing, as giving commands in an authoritative style will not motivate the employees in the long term anymore. Still, many leaders do not possess the skills needed to lead teams today or let alone in the future. Leadership studies focus on the leader being a coach, and having a deep understanding of what the team is doing or where the business is heading, but a clear recipe for success remains of course unknown. A leader empowers their employees to excel and leaders have the responsibility to create the working conditions for their employees to be able to do so. Leadership must be in the same wavelength with the organization, both on the emotional, but also on the logical level (Juuti & Virtanen 2009, 142). Instead of supervision, employees will need to have more and more the freedom to work as they want. Freedom empowers them to perform better, even though it is something, that is very difficult for the leadership to accept. With freedom to decide on the work, the boundaries and policies need to be clear to everyone in order to be able to work in a structured way.

There are many benefits to a team, which can manage itself. Decision-making becomes more efficient, as the leader does not become a bottleneck and collaboration is encouraged. The output quality improves and there is better communication between the man-

agement and the employees. The consensus shifts from having to do something to wanting to do something. All of the factors contribute to increased job satisfaction and a more profitable organization. (Blanchard, Carlos & Randolph 2001, 103.)

2.2 Bad Leadership

The quality of leadership has inevitably an impact on the business results of a company. It is estimated, that alone in the United States over 90 percent of workforce encountered bad leadership at some point of their career (Hornstein 1996, as cited in Juuti 2018, 16.) Bad leadership is in many cases the cause for companies in crisis, although it rarely is the sole cause for the crisis. Leadership is commonly described as a combination of leadership of people and management of things. Things are managed through people and people are led because of things. Bad leadership is however an experience, as it has an impact on people and their daily lives. (Pynnönen 2015, 22.)

Bad leadership can according to Pynnönen (2015, 24) be divided into five different categories; 1) destructive leadership, 2) tyrannical, despotic and fear-driven leadership, 3) abusive management and workplace bullying, 4) leadership related to the negative aspects of a person and 5) negative management. Drucker, Snyder and Hesselbein (2015, 85) argue that leadership should be performed from the front by leading the way and not from the rear by pushing the organization forward. When the leader does not embody the culture, values, principles and behaviours of the company, they cannot be successful in their role.

Another recognized issue in current organization is that leadership does not disperse the leadership across the organization. In the current business world, a leader cannot succeed on his or her own, but the leader needs to empower the whole organization to share the task of leadership. Juuti (2013, 13) describes that often leadership is associated to the leader or leadership team, even though in reality leadership is something that happens as a process including several stakeholders. These stakeholders are the leader, employees, situations or context and the set targets.

Leadership today faces many challenges, as a leader has to be responsible towards several stakeholders. A study made by Akademie für Führungskräfte der Wirtschaft (2003) discovered that 81% of interviewed 267 German managers admitted to being under heavy pressure, which prohibited giving enough attention to leading the organization. The pressure consisted of pressure to meet deadlines and pressure to succeed.

Leadership faces many expectations from different external and internal stakeholders. The subordinates hope for transparency, support, equality and honesty. The expectations

of the business can be conflicting with the expectations of the subordinates, as the interest of the company should always be put first. The leader is the one, who is supposed to lead the change and drive the business in the best possible way and be able to balance in between. The conflicts between interests can escalate quickly and put the leader under immense pressure. In such situation, the focus can be lost and the leadership abilities suffer. How the leader tackles this conflict results in how they are perceived as leaders. (Järvinen 2001, 61.)

The study by Akademie für Führungskräfte der Wirtschaft (2003) also conceded that a key element to poor leadership was not being prepared to new situations and changing markets. Being unprepared led to lack of continuity in terms of meeting targets, which created a vicious cycle impacting the whole organization.

2.3 Leadership at a Crossroads

The shift in economic power towards the developing world is a top megatrend, although not one that is often visible. Almost 50% of Fortune 500 companies will be in emerging markets by 2025, when in 2000 the figure was just 5%. A shift into emerging markets means that there is a new wave of consumers bringing both opportunities but also challenges to leadership. (Axon, Friedman & Jordan 2015, 1.)

The future landscape for leadership poses challenges for the leaders of today, as leaders are unprepared for the changes needed in leadership styles. Hakakari discusses (as cited in Korpimies 2019, 8) that the need for leadership is growing constantly and leadership is not linked to a title alone, but the whole organization needs to be structured in a way, that success is possible. Hakakari continues that leadership begins from how people's needs are addressed and how they are listened to.

According to Klingl (as cited in Sommers 2020) 37% of millennials born between 1980-1990 consider changing employers within the next two years. For the employing organization turnover like this can be heavy and costly, so engaging employees become even more important, which in case of millennials means focusing on the values and possibilities for individualism. Company culture must not be forgotten when attracting younger generations.

When company values and how people are met as person at a workplace become more important, leaders face a challenge on how to make less tangible items visible and true through their own actions. It is common for companies to have a vision and values, but it is less common, that the values become visible in everything that the company does. In the heavy industry sector, a shift in culture like this will be heavy, as employments have

traditionally been long and leadership is not used to problems like these. In the sector leadership has traditionally been about launching a well-engineered product on the market and let the qualitative product be the one ensuring the business. The change in consumer behaviour is immensely difficult to tackle, as it rocks the foundations of the cultures of the organizations.

Anticipation, analysis and understanding on how to respond to new strategic directions, but using also the heart to understand the perspective of the diverse stakeholders becomes key to leaders of the future. At the same time having a 'gut feeling' for making tough decisions, but staying true to the values are the navigation tools of leadership. Diversity, complexity and uncertainty will be immense. (Dotlich, Rhinesmith & Cairo 2009, 3.)

Modern technology has made daily lives easier, but it has put leadership at a crossroads. Through the means of modern communication, the world is more international than ever. Information flow is a constant and new challenges arise daily. Globalisation has led to cultural differences being a daily problem in workplaces and lack of traditional face-to-face communication. The COVID-19 pandemic has been a key driver for digital transformation in many companies and working remotely from home has created a whole new set of challenges. All these developments demand a new approach from leaders. Kolbjørnsund, Amico and Thomas (2016, 3) estimate that judgment work is what next-generation managers will thrive on, as artificial intelligence (AI) takes over more and more managerial work.

Instead of long-term company strategies, strategies need to adapt quickly to the changing demands of the markets and emerging crises. Key to this is to have an aligned leadership team, who is able to adapt quickly. Kümmerli, Anthony and Messerer (2018) argue, that according to a study by MIT Sloan School Survey on more than 4000 managers, only less than a third of managers could list three of their firms' top strategic priorities. When middle management is this perplexed, crises become imminent. If and when the strategy eventually changes, it means that in the majority of the cases the organization is not able to follow in executing the strategy.

Urgency is about focus and focus can only be sustained if it is directly connected to some deeper sense of purpose (Sutton & Chatham 2017, 56).

At the same time, employees are looking for meaning and value in their work. The millennials are not afraid to change workplaces, if the employer cannot meet their demands or the company culture is not as expected. Work is becoming more of an experience that needs to be positive or it is replaced. This of course demands a lot from a leader. It means

that a leader needs to be able to adapt to changes at an increasing speed and at the same time be able to communicate a vision that is meaningful and compelling.

Often leaders simply forget to ask what the key motivators are. Especially with millennials just a monetary compensation is not enough, but motivation is built around compensation, work-life balance and how the employees needs are met. Being able to influence the direction of the company becomes more and more important (Sommers 2020). Transparency and clear communication become important elements of leadership.

Drucker, Snyder and Hesselbein (2015, 87) discuss that especially for millennials personal and professional success are interdependent. This can be understood so that the personal and professional lives become intertwined and the same meaning is sought in both. This goes both ways, as companies hire employees not solely based on the skills on their resume, but also on how they would fit into the company culture and the rest of the team. Instead of just a formal education, companies are looking more for someone that is a good fit.

Diversity is another important topic, as globalization becomes a fact. Diversity does not just mean age, race, ethnicity or sex. Diversity is also how one is thinking, ones way of working or for example ones sexual orientation. Diversity can bring a great advantage to a company, as diversity leads into fresh ways of thinking. According to Larsen (2020) it takes leadership to create an atmosphere, where people feel accepted as they are.

As the world changes, the strategy of companies need to change too. The natural first response to understanding change or responding to crises is to gather data and to crunch numbers for various types of analysis. All this is to bring clarity to the leadership team on which actions to take. Kümmerli, Anthony and Messerer (2018) state, that the analysis rarely actually lead to any action or change, but still the process is repeated several times in different organizations without realising the underlying problem of lacking consensus or alignment in leadership teams.

According to Petriglieri (2011, 4) in today's working environment, a leader cannot solely rely on the authority of their position, but they need to inspire and influence across the whole organization. Secondly, leaders need to be able to understand the styles of the people in their organisation in order to be able to motivate and retain them, which is not easy or simple.

It is almost impossible for a leader to master all needed skills and take into account the needs of all the different stakeholders. As it becomes increasingly difficult to master all the information available, does it mean that the leader has an impossible position and are

they prone to always fail? Traditional hierarchical leadership style is outdated, but a leader also cannot simply master all the data that is available today. An elementary issue is the fact, that too often it is expected, that the leader has the most expertise, whereas this rarely is the case. Nor should the leader be the expert, as that is the task of the organization and not of one or a few select persons.

In a world where there is instant access to information and goods 24 hours a day, seven days a week, it becomes fundamental to be able to prioritise and develop the ability to focus on things that matter. When the pace of life is increasing, it is important to distinguish what is urgent and what is not. In other words, prioritizing becomes a key feature for successful leadership. As Sutton and Chatham (2017, 49) state, urgency and speed of reaction are not the same thing. A sense of urgency is about focus and energy and not about the speed of resolution.

The change needed in leadership also requires a new mind-set in the teams in the organizations. As leaders cannot contribute to all issues at hand, the teams need to be able to make decision on the best course of action on their own. Prioritizing needs to happen on both ends and the organization needs to understand what is important enough to require the attention of the leadership. At the same time the leadership needs to be consistently limiting the demands on the organization and exercise the same kind of prioritization. Teams that are more independent mean that the teams need to consist of professionals, who are the true experts in the subject at hand. The teams need to be empowered to decide. What is left to the leader is to clear obstacles, communicate compellingly and be transparent on the decision-making in order for the organization to succeed on their journey towards the common goal.

3 CRISIS IN ORGANIZATIONS

3.1 What is a company crisis

A crisis point has been defined as a turning point for better or worse [...] and it can also be described as a situation that has reached a critical phase (Darling 1994, 5).

Darling (1994, 5) states that each crisis is unique and the response to the crisis should vary. What makes a crisis difficult to understand is that a situation can be a crisis at one point of time, but not at another time. A crisis is not a result of mismanagement, but a lack of planning or inadequate planning. The lack of planning results in inability to function and the organization not being able to maintain its normal operations. In organizations, a crisis leads to feelings of panic, fear, danger or shock.



Figure 6. The stages of crisis.

In literature, the description of the cycle of a crisis in an organization has several stages, but the stages are usually quite identical. There are different theories on the number of stages, but the stages during the cycle of a crisis typically are the following; prodromal crisis stage, acute crisis stage, chronic crisis stage and crisis resolution stage. (Fink 1986, as cited in Darling 1994, 5.)

In more common day terms, the before mentioned crises could be described as; risk evaluation, prevention, readiness, reaction, recovery and learning. Even though the crises have a cycle, they rarely follow a linear path, where for example the risks were assessed before the crisis actually happened (Pursiainen 2018, as cited in Sorainen 2018, 269). Crisis begins with a shock that is resulting from a change in something, which can for example be change in consumer behaviour, internal organizational issues, or market disruption. Shock means something that has not been identified before it happens and the preparation for it is lacking. The initial shock of crisis leads to paralysis on trying to make sense of the changed situation. A common response before a proper identification of the cause is to try to make changes to fix the issue. These responses can be for example changes in a product or service, hiring or firing people or adjusting the company strategy. It is notable though, that before a proper crisis identification any change will cause disruption.

Changes unfortunately often lead to chaos, if the communication on the changes is not transparent and the organization is not able to understand what is happening. At the same time, the pressure to get better results increases as leadership starts to get nervous.

When leadership gets nervous, another change is likely made to try to fix the situation, which again leads through shock to paralysis in the organization (Figure 6.). Adjusting to the new situation can be very hard for the organization and the path of the crisis may be repeated several times, before the crisis is actually over.

Crisis management is not always bad, even though the term has a negative connotation. In the best scenario a crisis can be a starting point for something new, or a rebirth of an organization, if it is done properly and the organization is given enough time to adjust to the change. However, as crisis always is linked with uncertainty and risk, it is perceived as being a threat and therefore, negative.

3.2 Behaviour of an organization in crisis

Darling (1994, 5) argues, that the challenge is not to recognize the crisis situation in an organization, but to recognize it early enough and to have the ability and willingness to do something about it. Crises are complex and solving them is not easy and that is why crises have a tendency to linger long in an organization. It is a major challenge for any organization to be able to first identify the crisis and then understand it, so that actions can be done to try to resolve the crisis.

Power games, politics and conflicts within the leadership and the whole organization cause mistrust. When the focus is on the individual more than on the business, there is a problem. An alarm signal of this is once there is division between departments within the organization. Labelling of 'difficult' people to work with and the ones that co-operate happens also. Coffee-table discussions are imminent and there is a mistrust across all levels of the organization. Critique is common and a sense of confusion exists on the situation that the organization is in. (Järvinen 2001, 60.)

Järvinen (2001, 61) continues that when an organization is tackling a crisis, it is put to a true test, where the leadership needs to keep their heads calm. If the focus becomes in finding someone to blame, in order to shift the focus away from the leadership, the crisis cannot be resolved. Crises cannot be solved by finding someone to blame, even though this would seem the simple solution. The behaviour of shifting the blame escalates and results in a vicious cycle, as the more the focus is on the internal issues, the more the focus on the customer is lost, which again impacts the business results of the company.

3.3 How does crisis reflect in an organization

Ultimately, all change reflects to how the people in the organization operate. According to Schein (2016, 319) all planned change starts with a recognition of a problem or something that needs to change. In the context of the study, crisis reflects to a need to change. The change that is needed can vary, it can be a need to change due to market needs, a change due to operational changes or a change needed in people and their behaviour.

In business, the reason why changes happen, are typically linked to the need of improving efficiency, being more competitive or the need to develop the business. In many cases this is not called change, but development projects, as change faces resistance as a natural reaction to human beings. Change leads to a variety of actions, which can be for example re-organization, closing parts of the activities, outsourcing etc. It is only natural, that the reaction in the organization to these is in many cases fear. (Järvinen 2014.)

Resistance to change is a basic attribute of a human being as change is experienced as a threat. Change means having to learn something new, which can create anxiety in many of us. As long as there is anxiety, the resistance remains high. The resistance results primarily in three stages, which are denial, scapegoating or shifting the blame, manoeuvring or bargaining (Coghlan 1996, as cited in Schein 2016, 327). It is not difficult to draw the conclusion, that when the reaction of the organization is as above, no real progress can be made and the situation escalates.

The history of the organization plays an active role in the resistance to change and whether the change develops into a crisis. The cultures of the companies in heavy industry sectors are often traditional and they have long and well established histories. Long histories evidently mean that there are certain ways of doing things, benefits and employments tend to be long. Past experiences play a role in how change is embraced. Possible negative earlier experiences have an impact on the organizations future behaviour as trust in leadership is flailing. Environments like these are more prone to crisis as they are more reluctant to change.

In companies where change is more constant and the history is not very long, there are often are also no set ways of working and the resistance to change is smaller. That means, that crisis is less likely to happen as a result of a change as the organization is used to change. (Järvinen 2014.) Juuti and Virtanen (2009, 141) continue, that in today's working life employees have to be used to change happening at an increasing pace. In order to adjust, the natural mechanism is to just focus on the task at hand and not listen to what leadership is trying to tell. The impact on motivation and engagement is negative.

Change of behaviour does not happen overnight, but is a long process where the patience of the whole organization is put to a test.

A conclusion could be drawn that primarily crises result from a need to change. The aim of the change can be positive, but change causes as a primary reaction of fear due to the uncertainty of it. Change means doing something differently or learning something new. Schein (2016, 322-325) states that change always begins with some kind of pain or dissatisfaction and a change program commonly produces learning anxiety.

Schein (2016, 326) argues that resistance to change is based on the anxiety of the following fears:

- Loss of power or position
- Temporary incompetence and punishment for incompetence
- Loss of personal identity
- Loss of group membership

All of the above factors surface when there is a crisis in an organization. As change is happening, it is not abnormal to fear for the capability to cope in the changed environment. When a person fears for an outcome, the engagement and output suffer, which in many circumstances have an impact on the performance and on the business results. When the business results suffer, the need to change becomes imminent, as KPI's still drive many businesses. A vicious cycle is born.

3.4 Communication as an enabler to crisis

Communication and interaction have always been a major challenge in any organization. It is difficult to have just the right amount of communication, as the common perception is that either the communication is too scarce or there is too much of it. Juuti and Virtanen (2009, 141) claim that many empirical studies have proved that leadership and the rest of the organization live in separate worlds. What this means is that the leadership team perceives the state of the company to be much more positive than the rest of the organization does. If the perception of the state of the company is very different, it is very hard to reach a common consensus.

In larger organizations getting a message across so, that everyone understands it in the same way remains a great challenge. The key contributor to the challenge is the way people understand communication and the subtle messages based on the listeners own demographics. Is there any way that a leader can be successful in communicating?

Bennis, Goleman and O'Toole (2008, 3) describe that free flow of information within and between an organization and its stakeholders including the public can be described as a culture of candour. The free flow of information is equal to a central nervous system to an organization, as its effectiveness depends on the system. What is even more important is that the capacity of an organization, it being competitiveness, ability to solve problems, innovation, meeting challenges and ability to achieve set goals, depends on a healthy information flow.

Generally, in management and leadership studies, communication is perceived as linear and straightforward, when in business reality it almost never is. During development projects in a company, the mistake is made to assume that interaction and communication is simple and straightforward, when it almost never is. Juuti and Virtanen (2009, 141) state that reaching consensus is a challenge because the used language differs between the lower levels of the organization versus the leadership. The language of the leadership is often perceived as jargon, which does not reflect with the real world, and if communication is perceived as jargon, the focus on it will not be very high.

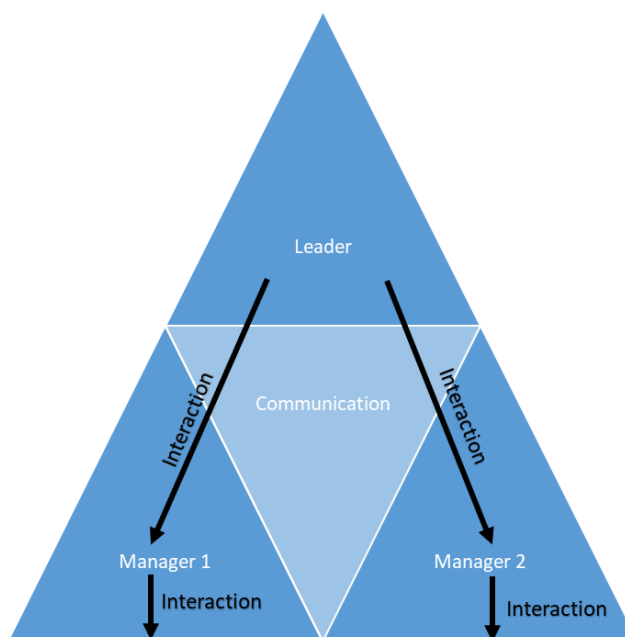


Figure 7. Idealistic lines of interaction in an organization top-down.

True transparency in an organization is rare, even though transparency is often present in companies' mission statements. Unfortunately, transparency does not translate to action and it remains hollow words in an organizations mission statement. Information flow is not a mysterious process, as it means the transfer of relevant information, at the right time, to

the right person, for the right reason. A transparent flow of information is vital to any organizations success and ignoring it will have negative consequences. (Bennis, Goleman & O'Toole 2008, 4-5.)

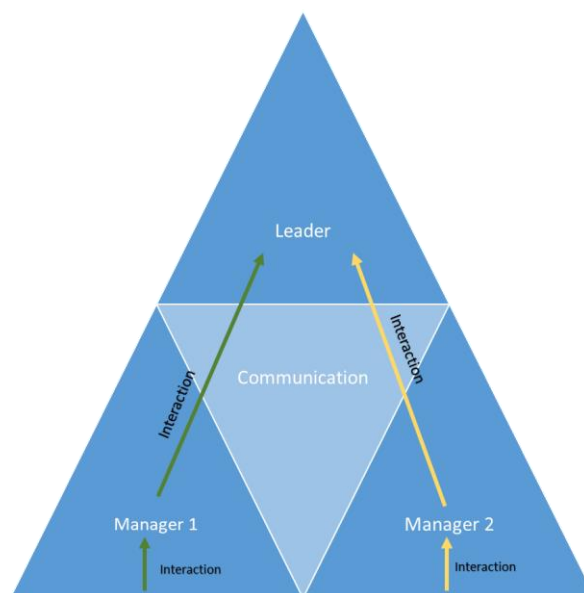


Figure 8. Idealistic lines of interaction in an organization down to top.

Interaction and communication with the organization is essential in the role of a leader. The leaders' interaction with the organization contributes to either success or failure. Through the interactions, various messages are forwarded throughout the organization both in a direct and indirect way. Leadership studies repeatedly show a too simplistic view on the interactions and communication and its effects. Bennis, Goleman and O'Toole (2008, 6-7) state that complete transparency is never possible, but in many instances, it is not even desirable, yet it is always a choice.

It is presumed, that the communication and interaction from the leadership is understood in the same way throughout the organization, thus that the information flow is transparent (Figure 7). In theory, if this was reality, the same information should be available to everyone and the number of internal crises should be reduced.

A misconception is also, that the communication from the organization reaches the leadership as it is, without filtering or modifications (Figure 8). The reality is however, that the middle management modifies and filters the communication and messages from the lower levels of the organization, and in worst cases, blocks the messages completely (Figure 9). Broken communication lines happen in both directions, not just down to top, but also top down. The basic need of every human being is to perform well, which impacts the way we interact, especially when the messages are negative. No one likes to be the bearer of bad news. Filtering and altering communications breaks the flow of information and can result

in critical information not reaching the leadership or vice versa. Yet it is not abnormal for the organization to be confused, why the leadership often seems “clueless” on the true state of the organization.

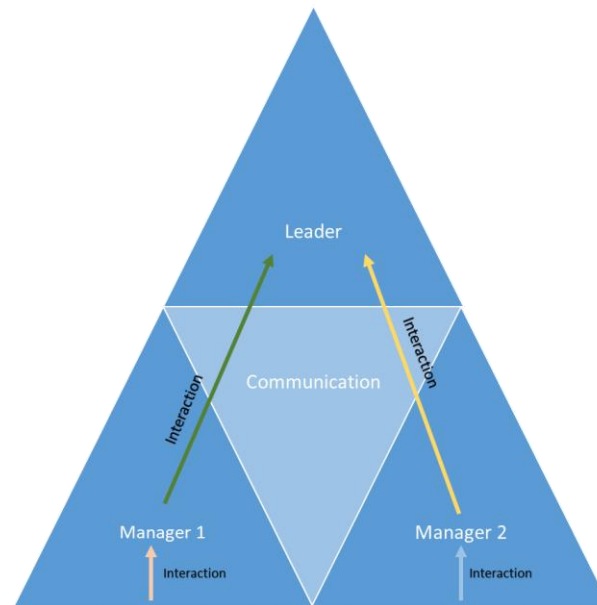


Figure 9. Interaction in an organization down to top.

Filtered and altered messages result in difficulties, as it prevents the leader, but also the organization from knowing what is truly going on and transparency suffers. In crisis companies, the view on the floor level can be very different from the leadership level. D'Auria and De Smet (as cited in Korpimies 2020, 8) discovered that in crisis situations many leaders instinctively want to be in the know of every detail and control the flow of information, when they should do just the opposite, share information and be very transparent.

In an organization, every employee has an impact on the outcome and business results, although the size of the personal impact varies. Employees always have a dual role, they are both influencers but also the people to be influenced. Daily interactions influence decision-making and behaviour in everything that an organization does.

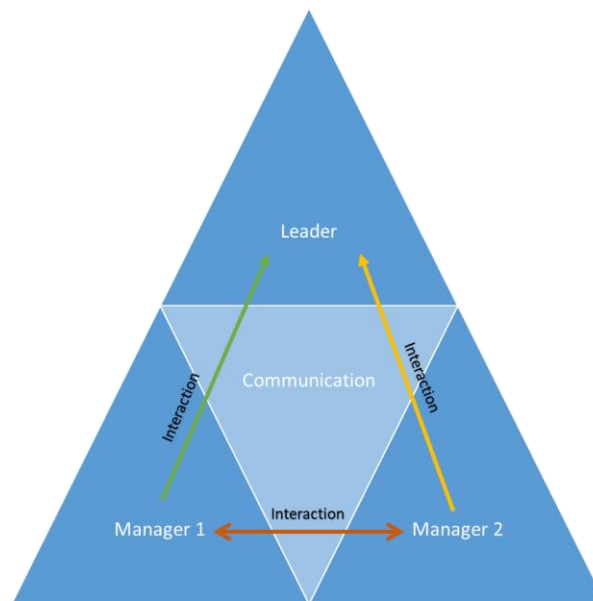


Figure 10. Interaction in an organization down to top and horizontally.

Interactions do not happen just top down or down to top. They happen in all levels of an organization, horizontally and in matrix (Figure 10). It is normal for colleagues to interact and discuss the business, along with personal matters, depending on the relationship and trust. The discussions between colleagues can be very different from what is actually communicated to the leadership, as among peers it is always easier to be honest.

The mix of communication across all levels can be seen as both negative and positive, depending on the situation. Open interaction and transparency can lead to better engagement, honest feedback and innovation, as ideas are shared more openly. In worst cases, poor interaction and lack of transparency can lead to confusion, coffee-table discussions and distorted messages, which contribute to chaos and crisis. If the situation is alarming, there can even be secrets within an organization, if for example there are activities that can cause harm.

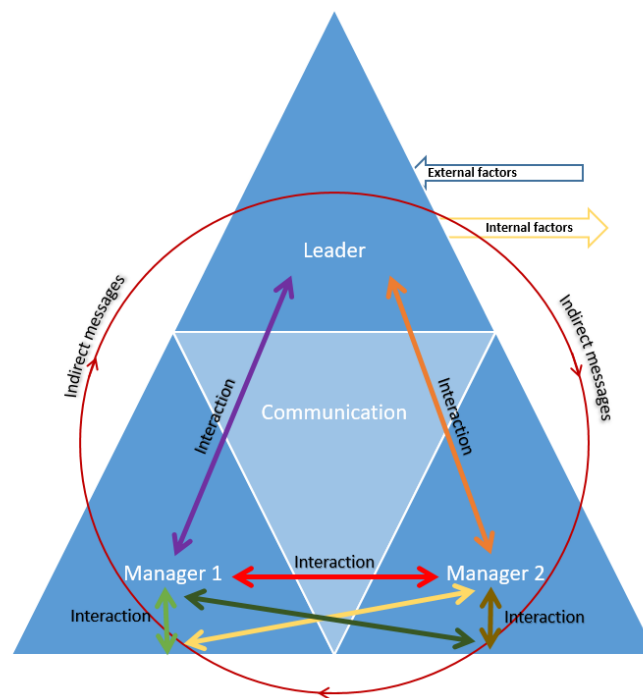


Figure 11. Interaction in an organization in reality.

The reality of interaction in an organization is innumerable, where there are many factors and stakeholders intertwined. Interaction is influenced in multiple ways and in addition to direct communication, there are also indirect messages that influence the organizations behaviour. On top of that, external factors have an influence on the behaviour of the organization (Figure 11). Bennis, Goleman and O'Toole (2008, 11) recommend leaders to set the example for their organization by demanding transparency and candour. Future leaders have no choice in the matter, as information travels globally in an instant and transparency becomes unavoidable. Awkward and damaging truths remain rarely inside an organization for long periods of time.

How can one overcome the matter of complicated interaction and the many stakeholders of it? What could be seen as a simple instruction, or decision can be understood in many different ways depending on the situation. A human being has a tendency of avoiding being the bearer of bad news. According to Bennis, Goleman and O'Toole (2008, 70-72) organizations reward those, who deliver positive messages. Deciding when to speak or not, is not easy. The ones who speak honestly and transparently can be labelled as not being "team players", when in fact they might be rooting for the team the most.

During crisis, the language used and interactions become even more important, and transparency should be encouraged vigorously. In normal situations the organization can be self-sufficient and independent, but in crisis people need guidance and leadership. The interaction and message that the leader is signalling is important, as in best cases it gives

hope to the employees. The core of leadership is empowering the employees to manage themselves and to strengthen the social structure of the organization. (Vehkaoja 2020, 14.)

Petriglieri (2020) argues that for a leader just being around and supportive when needed is not enough. Distress and difficulty in an organization should not lead to powerlessness. Even though a leader cannot predict the future, it is imperative to make informed decisions and explain to all levels of the organization why certain decisions are made. Petriglieri (2020) continues that dispelling any sort of rumours is important and involving participation from all levels of the organization should be encouraged.

According to a German study made to 267 managers in different businesses, 92% of the respondents agreed that during crisis the so-called soft skills of the leader become especially important. Interestingly, even though soft skills become important, 68% of the leaders actually start leading in an authoritative style, which is counter effective. (Akademie für Führungskräfte der Wirtschaft 2003, 5.)

The balance of enough transparency and necessary information is a difficult puzzle to solve. Truthful communication and interactions can also lead to unintentional harm, which is why performance reviews to subordinates remain difficult, especially if the performance is not at the expected level. Giving negative feedback upwards is difficult and unpleasant and occurs for that reason rarely. Too often the tendency is to shy away from uncomfortable tasks, which leads to more confusion and in the end affect the organization harmfully. (Bennis, Goleman & O'Toole 2008, 73.)

The challenge of consistent communication is substantial already when a business is running well and the employees are committed and engaged. When a company is in a crisis, the challenge is multiplied and the role of the leader becomes even more important.

3.5 Leadership in crisis

Bad leadership without a holistic view in itself is a crisis enabler and it increases the possibility for more crises. (Sorainen 2018, 275).

The role of the leader becomes paramount in crisis organizations. Leadership is supposed to clarify the vision and targets among the chaos, understand why the organization is headed in a certain direction, understand what is needed in order to succeed and actually perform the necessary tasks to execute the vision. (Rötkin 2015, 19.)

The failure of a company is too often impersonated into the leader, and almost never to the organization. When making important decisions, there is always a factor of uncertainty linked to it (Aapola 2012, 16). In crisis situation decision-making however too often comes to a complete standstill, where it forms a paralysis kind of state in the organization. The paralysis leads to less flexibility to make decisions in a fast and agile way.

Crises have a negative connotation, but a crisis can occur also from success, if the organization is not able to process the success. A rapid change in any direction causes confusion and resistance as a natural reaction for human beings. Leadership in crisis is not easy, as crisis situations always mean uncertainty. Leadership requires an ability to make decisions even in uncertain times and decide on a course of action. Contributing elements to successful leadership in crisis situations are transparent messaging, constant updating and assurance of financial support (NY Times 2020).

The leaders role according to Petriglieri (2020) is to interpret what is happening during a time of crisis and to help the organization make sense of confusion. In many cases the reassurance could be done by simple actions, for example by reassuring employees and explaining what is happening. Leaders need to think clearly in times of crisis and steer the organization forward. In times of crisis, strengthening the structure and culture is vital, as it engages the organization and leads to people accepting change and future challenges better.

Empowerment of the employees happens more commonly in today's world and is the genuine aim of many leaders. Empowerment means engaging employees to perform better and to operate better in teams. The reality is that few employees actually carry the kind of responsibility that the leadership expects. Not being organized enough to carry the needed responsibility creates a vicious cycle. The leader feels responsible for the delegation and organization of his or her employees and the employees expect the leader to be responsible due to their position (Juuti 2013, 15).

The difficulty in all of the above is in how the leader actually delegates and empowers the employees to perform and the company to reach its set targets. A key factor is for the leader to understand that you cannot only delegate responsibility without at the same time delegating also the ability to make business decisions. Juuti (2013, 54) states that the challenges of a leader are not just external factors coming to play or changing situations, even though in many leadership studies this is how leadership is described.

Rötkin (2015, 24) claims that few organizations actually understand that a majority of the task of a leader goes in informal meetings and discussions with the organization. Spontaneous coffee table discussions, however fruitful they are, are not seen as leadership

tasks, even though informal discussions are equally important and should be encouraged. Informal discussions can in many cases reveal insights to the true state of the organization.

A crisis can lead for example to massive re-organizations or lay-offs. What is often forgotten, is at what kind of state the organization is after such a change and whether the organization can actually survive and prosper after it (Vehkaoja 2020, 14). A good crisis leader is able to show a way out of the crisis while embodying company values. Leadership is important in crisis, but the whole organization needs to be a part of the change that needs to happen. It is impossible for a leader alone to make a change or resolve a crisis, as the whole organization needs to play an active role in it and be active and transparent in the communication.

4 EXPERT INTERVIEWS ON SIGNS OF CRISES IN COMPANIES

The purpose of the research was to find common signals or nominators for an organisation heading into a crisis and what effectively happens in an organization, when an organization is in a crisis. The interview questions also focused on understanding the kind of crises that the leaders had experienced, in order to build a cohesive framework on the insights that they had. By understanding the career history and experiences gathered, a better understanding could be formed on the opinions and experiences shared.

The interview section was vital for receiving fact based, timely and relevant information for the study. The qualitative research was based on open-ended questions in an interview and the qualitative method was chosen, as a crisis in a company is difficult to measure or to put in a framework in a quantitative research. A more open discussion was needed in order to be able to elaborate on the themes of the interview.

Another aspect of the research was to understand, how the crisis reflected on the organization and what it took to survive the crisis. The aim of the interviews was to receive insights on the experiences gathered by the leaders in the heavy industry sector to identify possible nominators or signs before a crisis.

4.1 Description of the leaders

Eight leaders in senior leadership or subject matter expert roles were chosen for the interview. The selection was targeted towards leaders with business unit responsibilities or having a specific subject matter expertise. Having a leadership role put them into a position, where a wider view on how a company operates, could be gathered. Having a holistic view on the business allowed the interviewed leaders to better understand the effects of the crisis and how it reflected on the whole organization. The interviewed leaders positions vary from CEO to Sales roles.

Expertise is not something that is easy to define or measure, but according to Alastalo, Åkerman & Vaittinen (as cited in Hyvärinen, Nikander, Ruusuvuori & Aho, 2017) expertise can be science-, profession- or institution based. This means that a subject matter expert is a person, who has knowledge and possibly skills on a subject, which a commoner would not have.

The initial target group for the interview was larger, but due to the sensitivity of the topic, not all selected persons of the initial target group were willing to participate in the interview as they did not feel comfortable in discussing the topics of the study or were cautious of possible legal consequences.

The persons interviewed have current and or past experience in the heavy industry sector, although the products and customer base of the employing companies vary greatly. The employing organizations of the persons interviewed employ from hundreds to thousands of employees and the companies are both stock-listed and private family owned companies.

All of the persons interviewed are or have worked in multinational or single market companies and their experience in senior leader or expertise roles varies between three to twenty-five years. The selection of the group supports the aim of receiving a wide understanding on the research topic. The demographics of the persons interviewed changed from the business market, location, cultures, age and sex to form a comprehensive view on the topic. A too homogenous group might have resulted in too similar responses and the aim of research was to avoid this. The employing companies of the interviewed leaders serve both the business to business (BtoB) and business to consumer (BtoC) segment. The interviews were conducted during April 2019 to October 2019.

The selection of the persons to be interviewed was based on the professional experience, background and experience in leadership roles. The interviews were conducted in a discussing form, where the interviewees could reflect on the experiences during his or her career and personal life.

Due to the sensitivity of the topic, the interviews have been presented in an anonymous format. Great care has been taken to ensure utmost privacy in order not to cause any harm. The interviews have been conducted in a peaceful environment without outside interruptions. As the interviewed leaders operate in global businesses and are located in various parts of Europe, some interviews were conducted face to face and some over the telephone or Skype.

4.2 Research method

The research method for this research was the qualitative method. The qualitative method could be described as an umbrella term. The aim of qualitative analysis is to gather new information, deepen the understanding of the subject at hand and describe a phenomenon. The purpose of the qualitative method is not to find statistical generalizations, but to describe a phenomenon or event. In this sense, it is important, that the persons interviewed have a deep understanding or experience on the subject (Tuomi & Sarajärvi, 2018).

In the qualitative method the perspective and the experiences of the persons interviewed on the subject are critical. Alasuutari (as cited in Hammersley 2013, 1) describes qualitative research as analogous riddle solving, where the different pieces of information are equally important. Interviews as a research method are needed, as without them many subjects would not be researched.

Expert interviews often are open and semi-structured interviews, where the interview is guided by different themes. These interviews could also be called theme interviews. Essential to a theme interview is the framework themes and not so much specific questions. (Hirsjärvi & Hurme 2011, 47-48.) The choice was made to interview the experts in a semi-structured way focusing on one theme at a time. Focusing on one theme at a time meant that specifying questions could be asked if needed. However, in the majority of the interviews the flow of the interview guided the discussion to the next theme rather naturally.

In order to structure the interviews and allow the discussion to flow naturally from one topic to the other, the interview questions were organized in four different themes being:

- forms of crises
- signs of crises
- organization and it's challenges and
- future landscape for leaders.

The structure of the interview for this thesis was semi-structured, but the interview questions were posed in similar order to all the leaders. The interview questions were sent in advance in order to give the interviewees a chance to reflect on their experiences before the actual interview.

Interviews are, by their very nature, social encounters where speakers collaborate in producing retrospective (and prospective) accounts of their versions of their past (or future) actions, experiences, feelings and thoughts. (Seale, Gobo, Gubrium & Silverman 2004, 16.)

An interview is a situation of interaction, where the expertise of the person interviewing has an impact of how the subject is perceived, as the answers are often adapted based on the situation at hand (Hyvärinen, Nikander, Ruusuvuori & Aho, 2017). In this matter the personal experience of the researcher from crises in different companies helped in structuring the interview, but also the answers received. A strong understanding and experience in the research matter helped in structuring the topics at hand. At the same time it

was crucial not to let the researchers personal opinions or experiences affect the interviews, but to ensure objectivity as much as possible.

A decision was made to hold the interviews personally with each selected leader, so that the discussion could flow freely and the privacy of the person could be respected. Group discussions would have risked the group dynamics influencing the answers provided. Due to personal one to one interviews, a more informal and open discussion could be held, which likely had a positive impact on the answers.

It could be argued, that sending the interview questions in advance might direct the conversation too much to well-prepared answers, where the conversational form of the interview and data gathering might suffer. Tuomi and Sarajärvi (2018) argue however, that it is important to send the interview questions well in advance in order for the persons interviewed to be able to prepare for the interview.

4.3 Data analysis

Qualitative analysis was chosen as the method for the data analysis. The intention of the qualitative analysis was to identify similarities, but also differences and to collect the data into an understandable and structured format. Puusa (2020, 268) claims, that it is challenging to make scientifically relevant conclusions based on qualitative research. The challenge is formed as the qualitative research imperatively needs a well-considered research space and finding relevant data for it. Additionally, it requires a skill to analyse the data which typically is wide and spread-out.

The conducted interviews were recorded, during which notes were made by hand. After the interviews, the recordings were transcribed and the data studied further. An initial sorting per theme was made already during the transcription to facilitate and easier data analysis in the actual analysis phase. In qualitative research, where information is gathered by interviews, according to Galletta (2013, 125) also the language of the persons interviewed create additional dimensions to the data. Expressions, language barriers, personal experiences and emotions are important in the analysis, as they provide additional insights to the experiences of the persons interviewed.

As the interviews were conducted during a time span of several months, it was possible to analyse the data of the first interviews already before the final interviews. In the beginning of the data analysis each interview was treated as its own entity. As the amount of data grew, the focus shifted (Galletta 2013, 125). The risk in the selected method was, that the latter interviews would be focusing too much on certain themes, but by carefully understanding the risk of guiding the discussion too much, the researcher was able to avoid

this. Based on the initial data it would have been possible to add or remove questions, but it was not deemed as necessary.

After all the interviews were completed, the data was gathered into different themes based on the interview questions and similarities found in the answers. This process turned out to be a challenging one, as the answers provided overlapped several of the themes. The data analysis needed careful reflection on the themes in order to avoid repetition. Much time and effort was spent on this to ensure qualitative data. The differing data was identified separately, as it gave an extra aspect towards the research and it provided recommendations for further research.

Organizing, reading, re-reading and transcribing the data was a very time-consuming process, but it made early analysis possible and certain themes and responses became more evident. These thematic patterns reflected ideas that became evident from the data. During the data analysis, it was important to constantly monitor the data relevant to the study (Galletta 2013, 121-125).

While analysing the data from the qualitative interviews, it was important to remember and focus on the research questions. The structure of themed interviews results in many cases also to a significant amount of irrelevant data. By reviewing the data repeatedly, it could have been easy to lose the focus of the research at hand, which could have distorted the research.

Puusa (2020, 270) discusses that there are only a limited number of standardized formats of analysing data. As qualitative data can be varied and wide, it creates a challenge for the data analysis, which is both difficult to tackle, but also what makes the analysis so interesting. During the interview process, a preliminary understanding of the data was formed. The preliminary understanding was further processed during the latter interviews and the data analysis. More detailing questions were asked if a deeper reflection was needed to understand the data. As the research bases on personal experiences and opinions, it was predictable, that there would be similarities, but also differences in the answers provided. The distortion of answers was only natural, as the interviewed experts varied both in demographics and in expertise, but also in their professional experiences.

4.4 Ethics and reliability of the study

In qualitative research it is important to remember how the persons interviewed are informed about the study, how their autonomy is respected and how the privacy is respected during the entire study. The research questions of the study posed a challenge,

as it was important to ensure that no harm was caused because of this study. The possibility for harm was possible due to the sensitivity and nature of the topic of the study.

Identifying harm in qualitative research is according to Leavy (2014, 62-65) not straightforward. In the context of the study the potential threats for harm in the study could be damage to reputation or relations or damage to a project in which people are engaged in their respective workspace. Leavy continues that it is equally important to consider the privacy of the persons interviewed and whether it is even legitimate to investigate a topic that is seen as sensitive.

Qualitative studies' purpose is to describe a phenomenon from the viewpoint of the participant through interviews and observations made during the study (Orb, Eisenhauer & Wynaden 2000, 94). Effective interviewing can only be successful if the researchers' attention to the person interviewed while the narrative is unfolding is undisturbed (Galletta 2013, 76).

The challenge of this study was the selection of the persons to be interviewed, in order to form an objective view on the research question. A selection of leaders was made in order to form a target group for the interviews. The initial target group selection was made to have a varied demographic in terms of position, age, work experience, location and gender. The initial selection consisted of persons that were familiar to the researcher. The risk of having a too homogenous and narrow group resulted in the researcher asking for help from the networks of the leaders interviewed, and through a snowball effect the interview group grew. All persons interviewed had gathered experience in the heavy industry sector.

The role of the researcher was active during the whole process and multitudes of observations were made during the whole data gathering. It was important to take enough distance and understand the whole topic at hand. This is done by taking observations and leads and combining them to form a holistic view (Puusa 2020, 272).

In this study the autonomy of the persons interviewed became important and that the persons were sharing information willingly, even though the information was sensitive. At the same time not pursuing the interviews with excessive attention to the thematic trends discovered was essential. The risk would have been to lose the sensitivity and attention to indirect messages and tone of voice (Galletta 2013, 77). The relationship between the researcher and the persons interviewed became crucial, but at the same time posed a challenge in keeping the right focus in the study.

Puusa (2020, 272-275) states, that the researcher always has a specific viewpoint when conducting a study, which is affected by the natural interests of the researcher and the observations made during the study. The goal of the data analysis is to gather an interpretation of the phenomenon and make conclusions based on the research question.

5 RESEARCH RESULTS

This chapter focuses on understanding the results of the interviews. The results are divided into four different themes, which are the following: forms of crises, signs of crises, organization and future landscape for leaders. The division into themes allowed the discussion during the interviews flow naturally from one topic to the other and to understand the experience gathered during the professional history concerning company crises.

Due to the variety in the demographics of the persons interviewed, the interviews focused on understanding the professional history, crises encountered and the early warning signals for crises. As all persons interviewed had a solid view on the business at a larger scale, also recommendations and their view on future leadership was discussed. The future of leadership sparked deep conversation and supported the aim of the study, that crises cannot be understood without also understanding leadership.

5.1 Forms of crises

Understanding the forms of crises encountered is vital when trying to understand what the common early warning signals of a crisis are. During the study, the question was posed how to define a crisis and how the persons interviewed understood it. A common consensus was made, that for example a loss of a deal was not a crisis, unless it jeopardized the whole future of the company. A crisis is something fundamental that rocks the organization deeply in all levels and has an impact on the overall working environment and culture. From the responses and data analysis, four main categories of crises could be identified.

5.1.1 Market changes

The common nominator for all answers was, that crises happen more frequently today in organizations due to the more rapidly evolving market changes and the constant flow of data. The consensus was, that it is almost impossible to manage a whole working life without being a part of an organization in crisis at some point. According to all respondents, the most common form of crisis today is an organization not being able to meet the set targets, which results in different kind of actions to try to correct the situation. The targets are not always financial targets, but especially the heavy industry sector studied is very KPI focused. The majority of the respondents agreed, that often the crisis arises from underperformance and the business not being able to deliver the expected results.

The biggest challenge I have encountered in several places. The business starts to fall short on targets and the answer is to start doing what has always been done with

more intensity. Problem is, more effort is being put to something that doesn't work anymore. It is not understood where the problem is and the organization is not ready to face the change it will need to go through in order to stay on top of the game.

(R2.)

It was also stated that the company culture had an impact on how targets are being set. In some of the respondents companies, the expectation was that targets are always exceeded. Thus, a crisis could also arise, when you could only meet the originally set target and not exceed it. Rationally this made no sense, and was a cause of malcontent among employees. The target setting was not clear, as employees were expected to understand to exceed the targets without any formal communication on it. Exceeding targets was rather a non-verbal agreement. Two of the respondents stated, that target setting in some of the companies was extreme and because of that the company culture and employee engagement have suffered.

In the majority of the responses, the underperformance had resulted from market changes, where the organization was not able to adapt in the needed speed to the change. The impact on not being able to respond had dramatic consequences.

Earlier in my career, I was in a company that had been the market leader for a considerable amount of time. The situation changed very quickly and the company was close to bankruptcy. The business disappeared and everything was paralyzed as there was a new competitor on the market from China. The surprise was so sudden and we were caught completely off-guard, as our bellies were full of the market leaders position. (R1.)

There is a fear that as the business is so established and as it was so successful in the past, there is a true fear of renewing and changing things. One could say that a slow paced decline is not as scary as an unknown possible success. The boat is sinking so slowly, that the fix is bubble-gum to the hole and of course, it cannot succeed. (R2.)

One respondent had experience from a company, where the company was growing at such a pace, that the organization was not able to follow the market demand. This is an interesting discovery, as chaos is to be expected, when the market slows down or disappears, but the effect on the organization seems to be similar even when the market is growing.

The business grew so rapidly, it was tripled in just three years. You need people to grow like that, but the focus on what matters was lost. We had orders like crazy,

every day there were new people coming to the organization and the organization could just not keep up with the pace. Then there are newly hired people in departments, and those people don't have a clue why they are there. (R3.)

When there is a market change, it being either growth or decline, it was stated that the organization needs to be able to follow the change, as otherwise the result is chaos, which turns into a crisis. Clear communication, clear targets and a common goal is needed in order to avoid the crisis.

5.1.2 Communication as a contributor

Business environments change in an increasing pace. As markets and consumer behaviour change, the organizations try to adapt to the new needs accordingly. One form of adapting to the market change is restructuring organizations in order to try to meet the market requirements and be more agile. It is critical to the success of the change, that the reasons behind the changes are communicated well. The communicated message should be clear, concise and honest, even though getting a message like that through to a large organization is challenging.

Six respondents had experienced a situation where internal changes were made either in products, organization, processes etc., but the reason behind the change was not communicated at all, or the message was contradictory to the actual changes made.

It was communicated, that nothing will change, even though a major organizational restructuring had just been announced. How should the employees act in a situation like this when the message is so contradictory to the made changes. If the top leadership does not know why the change is made, then who knows? (R1.)

All respondents were discussing whether the crisis is caused through the organizational change, or if the organizational change causes the crisis and this caused some distortion in the responses, as it was seen either as a cause or a consequence. However, the majority of the respondents agreed, that changing the organization or leadership is an often-used solution when the chaos is already present.

One recognized issue was also not everyone in the organization pulling his or her weight. It was mentioned, that if the leadership silently accepts not everyone doing their part or not working on the agreed tasks, the leadership loses the trust of the organization. The reasons for not working on the agreed tasks can vary; three respondents recognized that

there was an issue in the workload between different individuals, which caused discontent, one had encountered favouritism and one respondent a situation, where a person in the organization could not be touched, even though the performance was sub-par.

Especially in larger organizations the leadership faces the challenge of understanding what happens in the lower levels of the organizations and how the market really is. Two respondents suggested that increasing honest communication both top down and from the bottom to top, could help in increasing a more even division of tasks and responsibilities. One respondent also faced that the stress levels became unbearable and it was clearly visible in how people interacted with each other.

Instead of the open feedback or idea exchange, the communication and interaction became forced. We got orders from the very top. No questions to be asked. It killed the discussion and passion we had for our work. (R8.)

In two cases the organizational changes came rapidly without clear communication or without giving the organization the time to adjust to the situation. Three respondents had experienced unreasonable expectations after organizational changes, where business results were expected immediately, without giving the employees' the time to adapt and understand the new responsibilities in the changed organization. As the organization was in a chaos, the expected business results were not met and the solution to that was to change the organization again which led to even more chaos.

5.1.3 Company leadership

Leadership, either in the form of bad leadership or lack of leadership is according to all the respondents a form of a crisis in an organization. The lack of leadership was visible in different ways and reflected on the organization in many ways. It was most visible in the organization not being aware of the vision and mission of the company, communication not being honest, and having the feeling that not all was being told. Pinpointing the problem in the leadership remains problematic, as problems can be visible in the organization in different ways and leadership should not be associated to only to one or a few persons. All respondents agreed that the problem in the organization was almost never just the leadership, even though leadership frequently gets the blame. In many cases, attempts to fix the issue just backfired and led to even more dissatisfaction in the organization.

The moment there is a disconnect between the organization and the top management. You notice it, when people stop challenging and communication stops and the organization doesn't believe in the top leadership anymore, as the values are not portrayed and it seems your advice is just ignored. (R5.)

The company culture is affected by how the company is being led by the leadership, but the organization needs to play an active role in creating the culture. If there is no trust in the employees or the discussion is not open and encouraged, it can only lead to problems. Three respondents stated that during the course of their employment the mission of the employing company changed and the communication on it failed completely. Two respondents had experience from the mission and strategy of the company changing constantly, and the organization not being able to follow the monthly changing plans.

The common goal cannot change every month, which happened to us. And then we had to try to adapt the business accordingly. It resulted in even simple things not being done and constant change paralyzed the organization completely. (R3.)

Interestingly all respondents talked about trust as the key element for success. It remains a challenge as a leader to let the people operate as they see best, but it is vital for the success of the company. Five respondents stated that too often the leadership based on the position in the hierarchy of the organization and top down commands were given in an authoritarian style especially in crisis. The issue with this was, that many companies profiled themselves and their organizational structure on experts, and it was not understood how expertise should be led. In expert organization the role of the leader changes and it is a true multitasking role, as the leader should be a driving force and the person clearing the obstacles for the employees to be successful in their roles.

The respondents described leading expertise as empowerment to let the experts make the decision on what is best for the company. The respondents continued that the common misconception is, that empowerment is about giving your team a task and letting them decide how to do it. However, such leadership is not empowerment, as it is actually just giving your team a task in a rather authoritarian style.

As experienced leaders, motivation and employee engagement was seen as a key element for success. In crisis companies, where the chaotic situation had continued for a longer period, the respondents voiced a concern of employees not caring anymore what happens to the company. When the employee is not caring anymore about his or her work, it leads to employee engagement being at an all-time low. Motivating the employees at such a situation is a challenge according to the majority of the respondents, as motivation builds on trust and commitment, which is lacking. Building trust however is a slow and time-consuming process, which leads to a dilemma in fast-paced business environments and in crisis situations, where significant improvement is expected rapidly.

All respondents agreed that the leadership is almost never open to admit that the company is internally in a crisis. There was experience on boardroom discussions on internal

crises, but an organization-wide open discussion had never been experienced. Discussion about external factors having an impact on business results is common, but as it is difficult to identify and quantify a crisis, an open communication about it almost never happens as it remains uncomfortable and displays an image of failure towards the leadership.

5.1.4 Cultural clashes

Cultural clashes happen nowadays more frequently, due to several reasons. Firstly, as the world is becoming more accessible, companies become more international. International environments can create growing pains for the organization and cultural clashes are bound to occur. Secondly, millennials base the choice of their employer on the soft values, that being company culture, work-life balance and the possibility to develop oneself during the duration of their career. Loyalty towards the employer is decreasing and employers are being changed more often.

When I started the culture was that for failures there is a public execution. It took time to change the culture and the leadership to adapt that it is ok to fail. (R1.)

Two respondents had experienced cultures clashing, when two companies had merged. The result had been a crisis, as both companies had had a strong own identity and way of working. When the respondents companies merged, the survival of the fittest started. This meant that employees fought for his or her right to exist and to keep the culture they had known, alive. Crisis occurs from change and in the heavy industry sector the legacy of the company can be strong. When two strong legacies need to merge, the crisis can be overwhelming for the organization.

Two respondents also stated that through the years and the development of the business and changes in the organisation, the culture shift was so severe, that one did not recognize the company anymore and in the end, left as it was clashing with the personal values so strongly.

One respondent also had observed that while in the past the employees lasted longer than the management team, now there seems to be a shift in the other direction. A leader has to endure a constant change in personnel and still be able to deliver top results.

As a leader you have to manage now a far higher churn rate as years before - in the past at some companies leaders changed all 2 - 3 years,(...) now your staff is changing more frequent as you yourself. Culture, accountability and more important feeling responsible is going south. (R4.)

5.2 Signs of crisis

Identifying the reason why an organization is in a crisis is not always easy, as it can be a result of several factors. The majority of respondents stated, that even afterwards it is very difficult to pinpoint, when or why exactly the crises they had experienced had started. All respondents had experienced working in silos, not sharing relevant information and the leadership not actively working on breaking the silos, as a key driver towards a crisis. The result can however be also due to the demographics of the respondents in terms of the business sector they have been operating in.

5.2.1 Paralysis

When there is a change, either external or internal, if the change is not understood or communicated well, it leads to a paralysis kind of state in the organization. Four respondents stated that one clear sign of a crisis was, when decision-making was completely paralysed. The respondents argued that the top leadership was at a crisis within themselves on the course of action and could not act at all, even though the organization was desperately waiting for decisions. As a result, the demands on the organization grew, as detailed analysis and reporting was needed in order to better understand the situation at hand. Yet the number of decisions decreased, as the focus on core functions was lost. Increased amounts of analysis and reporting meant that the organization needed to do even more and the order of priority was not clear anymore.

Two respondents stated also, that different parts of the organization started making analyses and reports, but the reports had conflicting information and caused confusion on the right course of action. An internal war-like state was ready. Conflicting information resulted in more confusion and mistrust and clarity on the course of action was completely lost.

Why should I bother, everything will change anyway and I won't be there to witness it in a few years. The state becomes a paralysis, because people are not interested anymore, as they are so confused. (R6.)

Confusion causes paralysis and as progress is stopped, employees can easily become disengaged. External consultants were hired in some of the cases to try making sense of the situation, but often the result was poor, as the same information was available already in the organization, but due to the inefficiencies in communication and trust, the information did not get the right priority, nor did it reach the right people in the organization. It can be seen that due to the paralysis, an increased workload is pushed down to the organization, which affects the peace to work.

5.2.2 Peace to work

Six respondents mentioned several times how the peace to work in times of crisis disappears completely. The reason for the lack of working peace was seen as the company leadership being nervous and trying to solve the crisis by demanding and doing more. It was stated that an organization could be in a crisis without having an effect on the business results in the short term. However, all respondents agreed that in the long term crises always have an impact on the business results.

The peace to work disappeared completely and there was no understanding anymore why we were there. The mantra was that megatrends will support our growth, but the common goal was not clear. There were people who tried their best, but as there were thousands of employees who tried their best all in their own way, the result was chaos. There was full speed with blindfolds on. (R3.)

All interviewed persons had faced during some point of their career a situation, where they had lost the peace to work. The experiences has been different, but in most cases the common nominator was a lack of trust of getting the task done or making the right judgement call. As a result, either the leadership had started micromanaging, the decisions changed too often, or the direction changed constantly. A lack of prioritizing on what to do first was missing and instead too many tasks were given at once. Two respondents argued, that the key function of top leadership is the ability to prioritize and in crisis situation prioritizing becomes crucial.

Another element was the amount of rumours. During a crisis the amount of rumours increases drastically, as the common goal becomes unclear. Rumours were seen as a way of trying to make sense of the situation, but they were in almost every case seen as more harmful than beneficial.

There were discussions around the coffee table and general gossip. People were wondering what was going on and what was going to happen. It was a way of getting the fears out, but it did no good as it led to coffee table gangs spreading rumours. (R6.)

Rumours had an impact on the ability to focus and they affected the stability to work. One respondent stated that due to the rumours the people in the organization started telling only half of the truth, which led to the fact that the leadership did not get all the information at hand, which of course had an impact on the decision-making and atmosphere in the company.

5.2.3 Development projects

As a surprising discovery, development projects in organizations were seen as one of the early signals towards a company heading into a crisis. Commonly, development projects are perceived as an opportunity to improve and they have a positive tone to them. Many external consulting companies base their whole business model in developing existing business models, so the responses received provided an interesting insight to the reasons of organizations in crisis.

We ended up starting development projects and efficiency improvements, alongside with changing the organization. The focus changed completely (...) in the end no one knew anymore where we were headed and we didn't have the tools to follow up. (R1.)

Crisis happens also when the business results are still good and the business is growing. But growing at a fast pace, where the organization cannot cope becomes an issue also. The pressure to meet the growing demands becomes exponential and understanding where the growth is coming from might not be in a deep level. Maturity is needed in order to understand whether the business results are actually coming from the superior product or whether it is market growth.

The number of internal development projects grew exponentially because the results were so good and we had money to spend. But we didn't understand why the market was so good and we lost focus. All resources were working on various development projects and no one with the customer. (R3.)

The respondents voiced the lack of trust between leadership and the organization as the key drivers of hiring external help. The lack of trust can be understood in many ways, for example not trusting the organization to have the needed skillset or not trusting what the organization is doing. Trust plays in many levels of the organization and is vital for a healthy company culture. In worst cases, there is mistrust between all levels of the organization, which leads to greater silos and lack of transparency.

I voiced the concern of the capability of another business unit to change according to the market needs. The end result was that they transferred me to lead the change and development project, which meant that my old team ended up in turmoil and effectively a crisis was born. (R8.)

One respondent also stated, that the internal competition was worse than the competition with rival companies, as departments were fighting to stay alive. Again, focus was lost, as

internal issues became the main issue. In a global organization mistrust is a true challenge, as it is not possible to be physically present and see what actually was happening.

It was also mentioned, that development projects are too often focusing on the daily operations, and not the long-term strategic development. Improving processes is of course important, but not with the cost of losing focus on the core business. Daily work should support long-term goals, but as long as KPI's are looked at a daily or monthly level, confusion is ready, as the direction changes according to the KPI's and the organization cannot keep up with the change.

5.3 Organisation

The era of traditional top-down leadership seems to be gone. Whereas in the past leadership was more about giving tasks to perform, today it is about being able to solve problems and challenges which occur at an increasing pace. A leader cannot solve all problems, but they need to be able to build an organization, that can solve problems accordingly.

It is an absolute skill in the leadership to recognize how much change can be done without causing a crisis. A crisis cause loss of focus and it is an absolute skill for a leader to recognise them as early as possible and deal with them, before they have an impact on the whole organization. (R7.)

All respondents agreed that measuring engagement is important, but it was also seen as a challenge, how do you measure the right things that the current organizations value? True motivation is difficult to measure with a questionnaire, but needs individual approach from the leader and understanding of the signals that are not verbal.

People is what makes a company, and it is not a cliché. How do you balance as a leader between the individual approach and needs of the company? Humanity is important and facing your organization as human beings. (R6.)

An interesting insight by one respondent was also that the crises or problem area that the company is facing is often reflected in the structure of the organization. This means that even an outsider could draw conclusions on where the problems are by looking at the organizational chart. The respondent shared that for example, if there are employee issues, the HR division is disproportionally large, or if there are product issues, the technical and quality team is big.

Without people, who form an organization, there is no company. All respondents agreed that people are the most important aspect of success of any company. Even though this is a commonly known subject, it remains difficult to practise in real life.

The most important aspect of a leader is the ability to trust your organization. By trusting your organization you leverage the best out of them and you don't silence them. When people stop voicing things, they don't care anymore. So as a leader don't worry if your organization complains, that means they still care. (R2.)

5.4 Future landscape for leaders

The change in leadership is according to all respondents imminent. There is public discussion on the change leaders are facing, but it is many times impersonated into the leader and not the organization. It was stated that there is commonly a wider public discussion about bad leaders, who get the blame for the failure of the company, but there is almost never discussion on the bad organization and how it contributes to the crisis, only on the bad leadership. In extreme cases, the leader faces a witch-hunt, which forces the leader to resign, even though they are not the only source of the issue.

While according to all respondents leadership becomes more and more challenging, all are hopeful, that it will not be an impossible task in the future either. Motivating employees to give their best is one of the success factors to good leadership according to all respondents.

Subject matter experts need to be led by giving them space and the possibility to develop their expertise (R6).

The role of the leader changes too, it becomes more a role of finding the right people, opening doors and tackling hurdles, when in the past leadership based more on the position in the organization. The mix of the right kind of people in the organization is important, as there needs to be a balance between juniors and seniors.

I work for my team and not the other way around, which is something that many leaders probably don't realise to do (R3).

Although the pace of market is increasing, patience and ability to see the big picture remain important for a leader. Change faces resistance and needs time for the organization to adjust. If the leader is not able to give the necessary time for the change to take place, it will likely not succeed.

Presence becomes another dilemma in a world where globalization is a fact. When individualism is more and more important among millennials, how do you solve the problem of being present as a leader? Three respondents stated that a feeling of community is becoming a key factor among employees. A leader can build a sense of community by supporting common experiences and noticing small acts and being interested in more than just the work that an employee does.

I see that my people are genuinely surprised when I remember their kids birthdays, or when I talk about my personal life. I also often talk about past experiences, also the failures. I show them I care about them as a person, not just as an employee. (R1.)

5.5 Advice from interviews

However, it was noted, that the public discussion around crises is barely non-existent and needs to become more open and public. Too often, the discussion is being suppressed, as there are elements of shame linked to it. Failure is still seen as something shameful that creates a stigma on the person failing. Normally it is the leadership that gets the stigma, even though the problem can be much deeper. Due to the public stigma, an open discussion is not ongoing, even though it might change the public perception of a company and working life in a positive way.

It's like bringing out your dirty laundry, or divorce out to the public. No one wants to do it, even though a more open discussion around the problems of working life would be a welcome change. (R1.)

The way millennials behave in working life, means change to the leadership style and public discussion, even though the change is not always welcomed. Loyalty among the younger generations towards companies is decreasing and the duration of employment become shorter, as the culture and values of the company become increasingly important. If the culture of the company does not meet with the expectations, the employee is much more prone to leave today than 20 years ago. The organizations need to adapt to this change in order to still be able to find professionals to recruit.

The millennials are not fond of companies anymore, as according to a study, only 4 out of 10 think that companies actually have a positive impact on societies. These are the people who should be paying our pension, so if we don't change the culture, the future will be very grim. (R5.)

...give young talents a platform to present themselves, get connected to the leadership team personally - get the visibility right and challenge - then you could grow a good leadership team with the right company culture. (R4.)

Crises should not always be perceived as negative, as it forces the organization to find new ways of doing things and get rid of things that are not working. Crisis is much like a renewal process, which leads to a stronger organization, if it is embraced. Organizations need to learn to deal with crisis, as the perception is, that there will be more and more of them.

Maybe a crisis should instead be seen as a positive, as it is a little bit like a force of nature. Something needs to end in order for new things to grow and flourish. Crises cause circumstances, where you have to change the fundamentally in order to be able to continue. And what is scary, is that there will be more and more crises at an increasing speed, as the world around us is changing so fast. (R7.)

6 FINDINGS

The purpose of the study was to form an understanding whether there are early signals of a company heading into a crisis. Understanding and identifying these signals help a leader make better decisions and take corrective actions and the organization to overcome the crisis faster and become stronger.

The results of the study indicate that there is a need to understand crises better and be able to navigate them in a faster-paced and ever-changing business environment. The common consensus was that crises are happening at a higher frequency and the ability to tackle crises is still rather poor. Public discussion on internal crises of organizations is barely non-existent, even though there is a clear need for it. Finding the right kind of response for the crisis is however tricky, but there are key elements which improve the chances of surviving the crisis and make the organization better prepared for future crises.

6.1 Findings from the interviews

The study shows that there are three early warning signals to a crisis; these being paralysis, losing the peace to work and development projects. Paralysis takes away the ability to make decisions and adapt to the new situation that the crisis is causing, even though in a crisis stabilizing the business and focusing on core activities is critical. Paralysis hinders the organization from understanding what is going on, deciding on the right course of action and informing the organization on what is actually happening. Demands on additional reporting to understand the ongoing situation grow with losing focus on the core. Niittymaa (2020) states that during crisis the best organizations become more focused, some become completely paralyzed and the majority is something in between, but the organization tends to follow commands religiously, as the situation of immense pressure resulting from crisis is something new.

The second signal for an organization heading to crisis was losing the peace to work. Under crisis it is not uncommon, that priorities are lost and the organization faces heavy pressure to perform better, even though employee motivation may already have suffered. Confusion and chaos do not contribute positively to business results. Poor business results lead to more actions with a higher intensity, even though the number of workforce does not increase. As the crisis situation is new and unfamiliar, the leadership becomes increasingly nervous, which reflects on the organization spreading the nervousness further. Flexibility is lost and rumours start to spread. Poijula states (as cited in Vehkaoja 2020, 15) that studies show that a top performing company is not necessarily able to

adapt to change. If the processes are fine-tuned and the organization performs like clock-work, it cannot at the same time be very flexible.

As a result, a discovery was made that development projects were also seen as an early signal for crises. Development projects have commonly in the wider public a positive tone to them, but they have a high risk of distorting the focus and putting effort on something that in the end is not beneficial. Improving should always be an aim, but it should not be done at any cost. Järvinen (2001, 121) concludes that companies spend a lot of money and time in development and improvement, but often development results in only a choreography that does not reflect the daily working life of the employee.

The role of the leader is to be critical towards development projects, so that development projects do not hinder, but actually contribute towards efficiency. The study focused in leaders in the heavy industry sector, where the history and culture of the companies are long and eventful. These companies are not the companies where the culture is the most prone to develop and change as fast as with start-ups.

The target of the study was also to understand the most common types of crises in the heavy industry sector. Understanding the types of crisis has the possibility to help leaders identify them in the future. According to the study, the encountered crises could be gathered under four different categories, these being market changes, communication, leadership and cultural clashes.

The study discovered that market changes, which lead to failing to meet set business targets, is a common cause for crisis. Inability to understand what is causing the market change leads to crisis. Ambiguous target setting was another cause of crisis, as the expectations versus what had been communicated, did not meet and created confusion in the organization. It became clear during the study that communication is a challenge even when there is no crisis. The lack of transparency, clear inconsistency in communication towards the actions and at the same time organizational changes caused a crisis. Understanding what is happening in all levels of the organization remains a challenge especially in larger organizations.

Among the encountered crises, there was also criticism on the leadership capabilities of current day leaders and the inability to solve cultural clashes. The leadership issues encountered described a lack of transparency and disconnect between the leadership and the rest of the organization, where communication was not truthful nor transparent. The communication remains challenging in all organization, due to the complexity and number of stakeholders of it. What is taught in leadership studies does not reflect with reality of the organizations, as interactions are never simple or homogenous.

Even though leadership often gets the blame for the failure of the organization, the study showed that the crisis was rarely resulting only from the actions of the leadership. Cultural clashes have happened due to several reasons, these being for example globalization, mergers and acquisitions or different identities mixing. The wounds created during cultural clashes can become very deep and hinder the recovery from the crisis for a significant period of time.

Finally, the study also focused in trying to understand how leaders can be better prepared for the demands of the future. The study discovered the problematics of the demands being impersonated into the leader much more than to the rest of the organization. The discussion focuses on bad leadership, but rarely on the issues of the rest of the organization. The change in the role of the leader is however imminent, as they shift from expertise-based leadership to a more coaching and servicing style, where obstacles are cleared in order to let the organization be the experts. Due to the vast amounts of data and information, it was seen as impossible to be aware of all the facts. When this happens, the leader needs to trust the organization to actually do their job and make sure the organization has the tools and capabilities to perform at the highest possible level. There is hopefulness that if the discussion on crises becomes more public, the task of the future leader also eases.

6.2 Recommendations

The study discovered that forms of crises vary from external factors to internal issues, where the internal issues result from poor leadership to cultural issues and communication issues. The analysis shows, that it is difficult to identify the crisis and make an honest situation assessment on what the status is, as crisis can happen at any time in a company, even when the business results are positive.

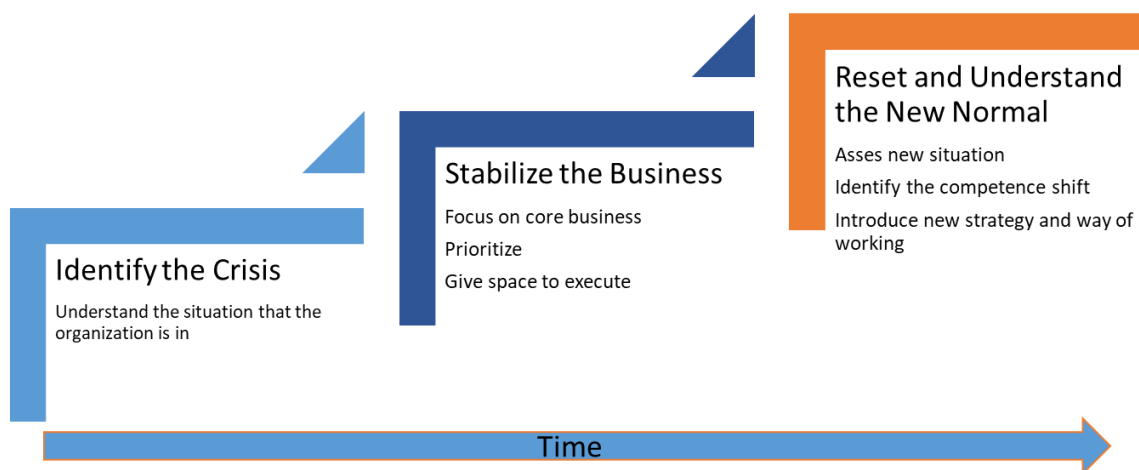


Figure 12. The stages of responding to crises.

Identifying crises is the first and most critical step towards recovery. It is perhaps also the most difficult one, as the culture of the organizations might not support being transparent about the crises. In order to be successful in identifying crises, understanding the history together with the culture and values of the company are elementary. A truthful mapping of past crises in any organization helps being better prepared for the future.

As much as understanding past crises is important, it is equally important for any leadership team of a company to make crisis scenarios on future possible scenarios and play them out. Crisis scenarios and understanding them ensure business continuity when the crisis actually hits, as leadership is better prepared and able to execute according to the plan. McNulty and Marcus (2020) argue, that leading through crisis requires a long perspective and the leader needs to anticipate what comes next. The risk of losing focus because of any crisis decreases. Much like surviving from disasters or accidents, the survival rate increases, when there is a plan and one has had the ability to practise beforehand.

Elementary for the success of all this is, that the leadership understands its role and train together to have a common mind-set. A common mind-set ensures consensus, which prevents paralysis, as paralysis deepens the crisis. Trying to find a consensus once the crisis is already happening, slows down the identification, stabilization and the recovery. A missing consensus creates chaos among all the noise, which in the end deepens the crisis (Figure 14).

The second step towards recovery is stabilizing the business, where the focus needs to be reset and the role of the leadership becomes critical in ensuring this. Communication

plays a vital role during the whole process. If the organization is not transparent and having a common understanding of the situation, booking any true process is difficult. Stabilizing the business, prioritizing on activities that are critical in keeping the company running and giving the organization the ability to execute become the most important elements. New activities should be started only, if they are highly prioritized and development projects should be critically assessed and even put on hold.

Once the business is stable, understanding the new normal becomes the most important element for future success, as much as understanding the history and learning from it. Transparency and communication remain important. As a part of understanding the new normal, the organization needs to shift capacity and build competence to meet the new demands, without ever losing focus on the core business. Strategy, ambitions and a new way of working need to be introduced, which require effort and have possible pitfalls along the way. It is notable, that resolving a crisis without good and solid leadership is difficult, if not even impossible. The leader needs to be able to understand the needs of the organization, clear roadblocks and ensure that the organization is able to recover.

Trying to cut corners means a true understanding of the crisis is not there. Of course, it is a natural reaction to any human being to try to fix a problem as fast as possible and that is what makes crises so complex to understand. How leaders treated the organization and the people in the organization during times of crisis leave a lasting impression. If the treatment was fair, understanding and empowering, likely the crisis resulted in less scars in the organization. A commanding style, or leaders who did not help the organization overcome the crisis, consequently face a depleting pool of resources (Petriglieri 2020). The study supports this finding, as skilled employees have left the organization after such treatment has occurred and the memory of the treatment of the leader was vivid in a negative way. A common phrase heard often is that people do not leave jobs, but they leave managers. Even though the statement is simplified and even crude, it tells an honest truth on the deeper levels of organizational crisis.

Understanding the elements of crisis and the steps the organization needs to take to recover from it remains challenging, but the more significant. Leadership of any organization needs to understand and accept this. The time needed for the each step might vary, but the organization needs to be able to process and adapt accordingly, hurrying the process will be counter effective.

The pitfalls of crises are that before identifying the crisis, decisions are already taken to develop, shift competence or hire external help. All of the actions shift the focus away and in worst-case cover or blend in the signals of the crisis so much, that they pass unnoticed

to the leadership team. It is important for the leadership team to be able to understand what is going on in their organization, while at the same time being consistent on the messages they forward to the organization. During any crisis, it is important to show the organization that the situation is being taken seriously and with respect for the individual (Darling 1994, 8).

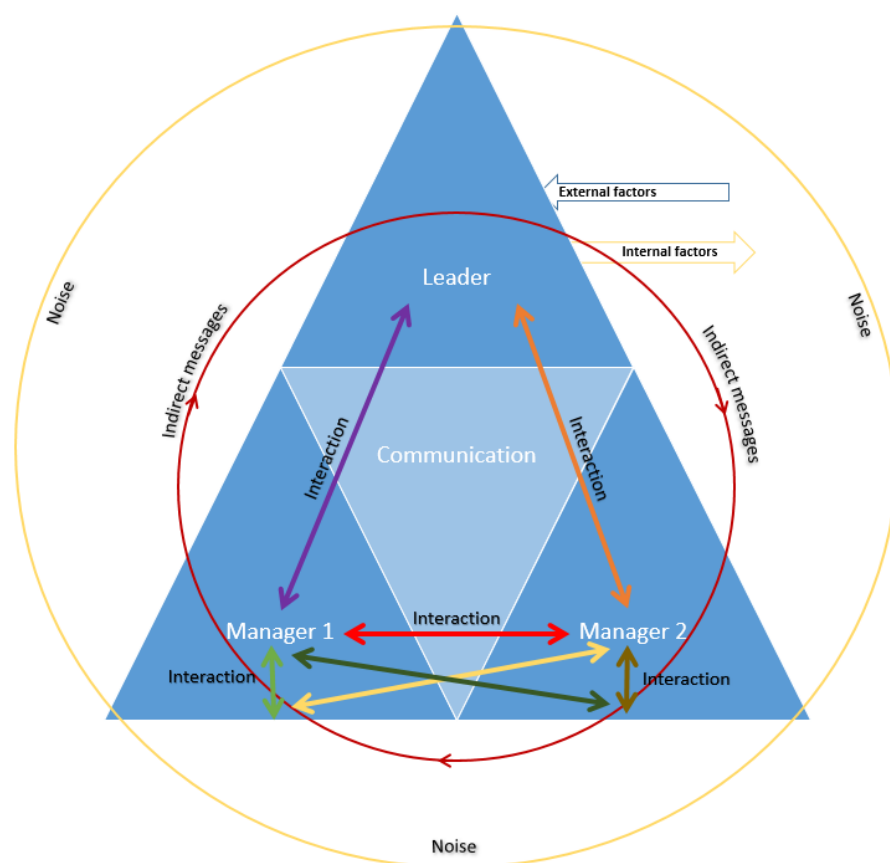


Figure 13. Interaction in an organization in crisis.

Communication and transparency in crisis remain a key element to support the process. The difficulty is, in how to do it effectively, so that it does not create more chaos or create more “noise”. The challenge of any crisis is, that it impacts the transparency and has an effect on the decision-making. In crisis, leaders are prone to make hurried decisions, which leads to less effective communication. On top of that, crises create additional “noise”, which is a result from the chaos and ultimately the panic of the organization. The noise is created for example through additional data analysis, more meetings, increased reporting, rumours and coffee table discussions (Figure 13). If the leadership is not at this stage in consensus and not clear on the communication, or the way forward, the chaos and noise will increase when transparency decreases (Figure 14), which again contribute to the loss of peace to work and paralysis.

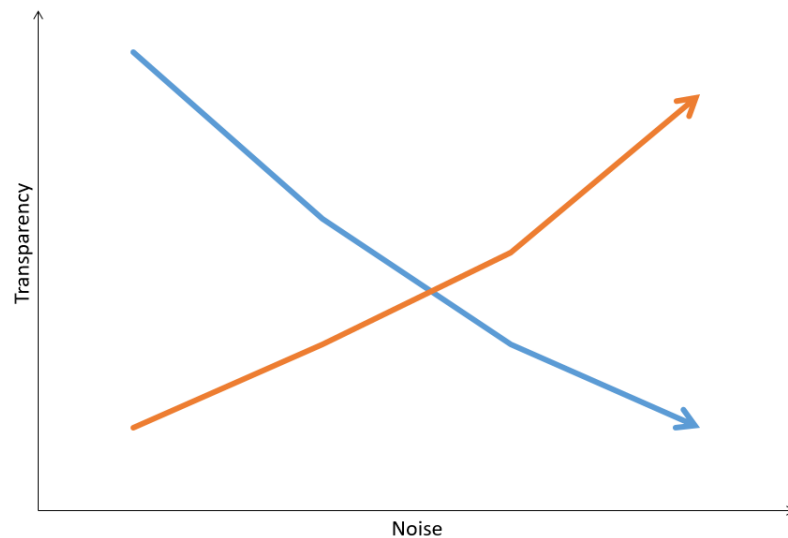


Figure 14. The relation between transparency and noise in an organization.

While following the steps of the crisis, trying to shift competence already in the identification phase is not abnormal, as the basic reaction of a leader should be to try to fix a problem, albeit with the help of the organization. However, without truly understanding what is going on, or what the new normal will look like, any attempt will likely not have great success. During the phase of stabilization the key role of the leadership is to ensure business continuity and give the organization the ability to execute. Again, organizational changes, development projects or major new activities will likely fail and should be considered carefully.

Only when the situation is stable enough, can the assessment of the new normal begin and based on that decisions on what is needed to meet the new needs. During the crisis stage there will be many moments of choice for the leadership to make. Wrong decisions will be inevitable, as practising every possible scenario beforehand is impossible. Nevertheless, the key element to success remains the ability to return to the starting point, identify the crisis, then stabilize the business and as the last step, understand the new normal. It will not be easy, but the more the leadership practises together, the better the decisions will be. As Kallio (as cited in Sommers 2020, 15) states, we can learn from the COVID-19 pandemic and the golden rules of crisis leadership; listen and consult the experts, dare to make big decisions, be transparent and communicate openly in consensus.

7 CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary

This study researched whether there are early signals for a company heading into a crisis through a qualitative study with senior leaders in the heavy industry sector. The need for the study came from a personal interest of the researcher, having experienced several crisis companies and aiming to understand, what the cause of crises was and whether they could be avoided or dealt with more effectively. More effectiveness in crisis leadership has a profound impact on the wellbeing of an organization and its employees, which has due to a personal experience with burnout, become a matter of heart to the researcher.

Understanding crisis in companies is complex and not straightforward and the response to it varies greatly between companies. Even defining a crisis is not easy, but there are recurring topics arising from the study that should be taken into closer inspection. The literature review focused on understanding leadership and the role of good leadership, as it was seen as critical to understand the elements of it in order to be successful in crisis leadership and be able to respond to crisis. The literature view showed, that while there are many elements to leadership, defining good leadership remains challenging.

During the time of the study the world has encountered a crisis that have led to countless companies failing. This crisis, the COVID-19 pandemic, is an external crisis, or in other words a force majeure. COVID-19 pandemic has emphasized the findings of this study to be true and transferable, even though with a lot of caution. Whereas leadership is hard to define, in times of crisis its role becomes even more important and the lack of it even more visible. Much like according to the findings of the study, the spread of the COVID-19 and paralysis to make decisions has led to catastrophic results in some of the affected countries. Whereas in business life the outcome may not be as critical as in the pandemic, the impact on the future can be severe. In the COVID-19 pandemic, the willingness to take a quick and bold course of action has been the most important hallmark of leadership (NY Times, 2020).

When planning for the future, it is important to reflect on the past and understand the reasons for the decisions made and what could be learnt from them. In order to be a successful leader in any role in an organization, it is vital to understand what the forms of crises and how one's own action can contribute towards steering away from it. Seaman & Smith (2012) argue, that if the leader has no patience in understanding the history, they are missing out on a powerful tool in shaping the future, as the history of an organization create a sense of identity and purpose.

A common theme in the interviews was the lack of common understanding and challenges of communication in both ways, which reflected in the leadership not knowing what was truly going on in the lower levels of the organization. At the same time, the organization was not understanding the decisions made by the leadership. The importance of communication and transparency became visible during the time of this study.

The data analysis gathered insights to the encountered crises and early signs of crises, without forgetting the focus on the needs for leadership in crisis situations. As a result of the study it became clear, that in order to be effective in leading an organization through a crisis, understanding the past encountered crises is imperative as the crises have shaped the identity of the organization. Mapping out possible future crisis scenarios needs to be a priority of any leadership team, as consensus needs to be formed beforehand. Performing these tasks helps being effective in crisis leadership and result in less damage to the business and the organization. The contribution of this study is also to help leadership teams in taking the necessary first steps to be better prepared.

For future leaders it is important to empower the whole organization to leadership and encourage the organization to make decisions in all levels. It is not an easy task, but absolutely necessary. The ambition of any organization should not just be to survive a crisis, but become stronger and better as a result of it and this can only be done by understanding the history and learning from it to be better prepared for the future.

7.2 Validity of the study

Although the research of the study was conducted with a small sample of eight leaders, some generalization can be made based on the findings. Naturally such generalizations need to be interpreted carefully. The subject of the study is not widely researched in the private business sector, which complicates the estimation of whether the results would be similar with a larger sample.

Even though the sample was small and focusing on the experiences in the heavy industry sector, the findings can be utilized across industries to form a basis for leading an organization through crisis. The chosen qualitative method provided insights that a quantitative research would not have given. The validity of the study is represented in the consistency of the answers in the study. Naturally there was deviation in some of the answers in the topics provided, but overall a clear consistency could be seen. The amount of dispersion was limited, although due to the nature of the discussion of course some dispersion was to be expected. All the interviews results have been represented truthfully.

Through familiarity with some of the interviewed leaders, the answers gave profound information, which would have otherwise not been received. The familiarity with the researcher may have impacted the reliability of the study. Hirsjärvi and Hurme (2011, 186) however argue that caution should be used when estimating reliability in qualitative studies, as each researcher bases their analysis based on their own experience and thus reliability is in any case unlikely in research.

In order to further ensure the reliability of the study, the sample included also leaders previously unknown to the researcher. The reliability of the study was further ensured by posing the questions in a similar order to all respondents and focusing on the observations made during the interviews and recording them accordingly.

During the time of the study the researcher has had several discussions on the subject with persons acting in the heavy industry sector. These discussions have ensured a deeper understanding of the subject and the fact that the subject is not commonly discussed in the public eye, even though there is a clear need for it in order to change leadership behaviour.

The most valuable aspect of the study is the data received in the interviews. When evaluating the study, a wider sample would have deepened the insights received and made the study more reliable. However, all the respondents had a solid understanding and personal experiences from crises and a good view on the needs of leadership.

Validation for the findings of this study have also occurred in the time of the COVID-19 pandemic, albeit the pandemic is an external crisis versus the internal crises studied in this research. However, the same logic can be applied in both cases.

The contribution of the study is the deepening of the understanding of the elements of crises and the steps needed in order to lead an organization through it. The aim of the study is, that any leader can take this study, read it and be better prepared to face the inevitable crises heading their way. Having a leadership team practise crisis scenarios, create consensus and by that lessen the impact of the crisis in their organizations, have made this study worthwhile.

7.3 Recommendation for future research

During the time of the research ideas for further research have risen. Leadership and crises in itself are a topic with many possibilities linked to them. It is clear that leadership teams need to be better prepared to face crises, but further development and research should be done on how to transfer the knowledge into the business world.

Still today, even though leadership is a popular topic, there is great variety and discussion on how it is being taught and whether it even can be taught. Great leadership depends on the circumstances, time, the people being led and the culture of the organization. Successful leadership in one company can be unsuccessful in the next and lead to a crisis. Organizations should nevertheless embrace a common way on executing leadership and further development on this topic is needed based on the needs of the organizations.

In order to expand the scope of this study, it would be interesting also to prepare the crisis scenario mapping for an organization based on the findings of this study and evaluate how crisis leadership changes the way of operating and which crises leadership deem as possible risks for the organization they are operating in.

Future research should also consider widening the research towards other industry or business sectors in order to discover, whether industry related specifics apply when leading an organization through crisis. Perhaps a quantitative research would be possible when researching the most common types of crises in a variety of business sectors. Widening the research scope from senior leaders to all levels in the organization would give insights on how crises are perceived throughout the organization and what type of leadership and steps are needed to recover from the crisis.

Another need for further exploration which came up during the study was the need to increase the public discussion on crisis organizations. The need for further public discussion was emphasized due to the fact that there was great hesitation to participate in the interviews of this study due to the sensitive nature of it and fear of implications. New generations of employees are on the look for companies that meet their values and have a culture, that matches their needs, where past and future crises are not a taboo. The research could focus on understanding on how the organization is being perceived if such discussion has happened and whether the employer branding has actually suffered and what the effect on employee engagement was.

Much like facing and surviving a crisis, new ways of doing things need to be discovered and that requires courage from the leadership to make bold decisions, even when everything is in a standstill or chaos. The decisions become better, when they are well prepared. And when there is consensus about the decisions, only the sky is the limit.

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APPENDICES

Appendix 1: Questionnaire

Background questions:

Age

Current role

Professional experience in years

Career history

Questions:

- Which kind of crises have you encountered during your professional life?
- When is an organisation according to you in a crisis?
- How long has the crisis and recovery from the crisis taken time?
- Why does an organisation face a crisis?
- What has happened in the organizations during a crisis?
- Which were the first signs of a crisis that you identified?
- Does crisis happen more often now in organisations, please share your experience?
- What actions were taken by you or by the company leadership team to solve the crisis?
- Were these actions according to you the right ones? If yes, please describe why. If no, please describe why.
- Did the company/leadership team change the way the company operates after the crisis and how?
- What are the biggest challenges as a leader today?
- How do you see the future landscape of leaders?
- How will leadership evolve change in the coming years?
- Free comments/discussion